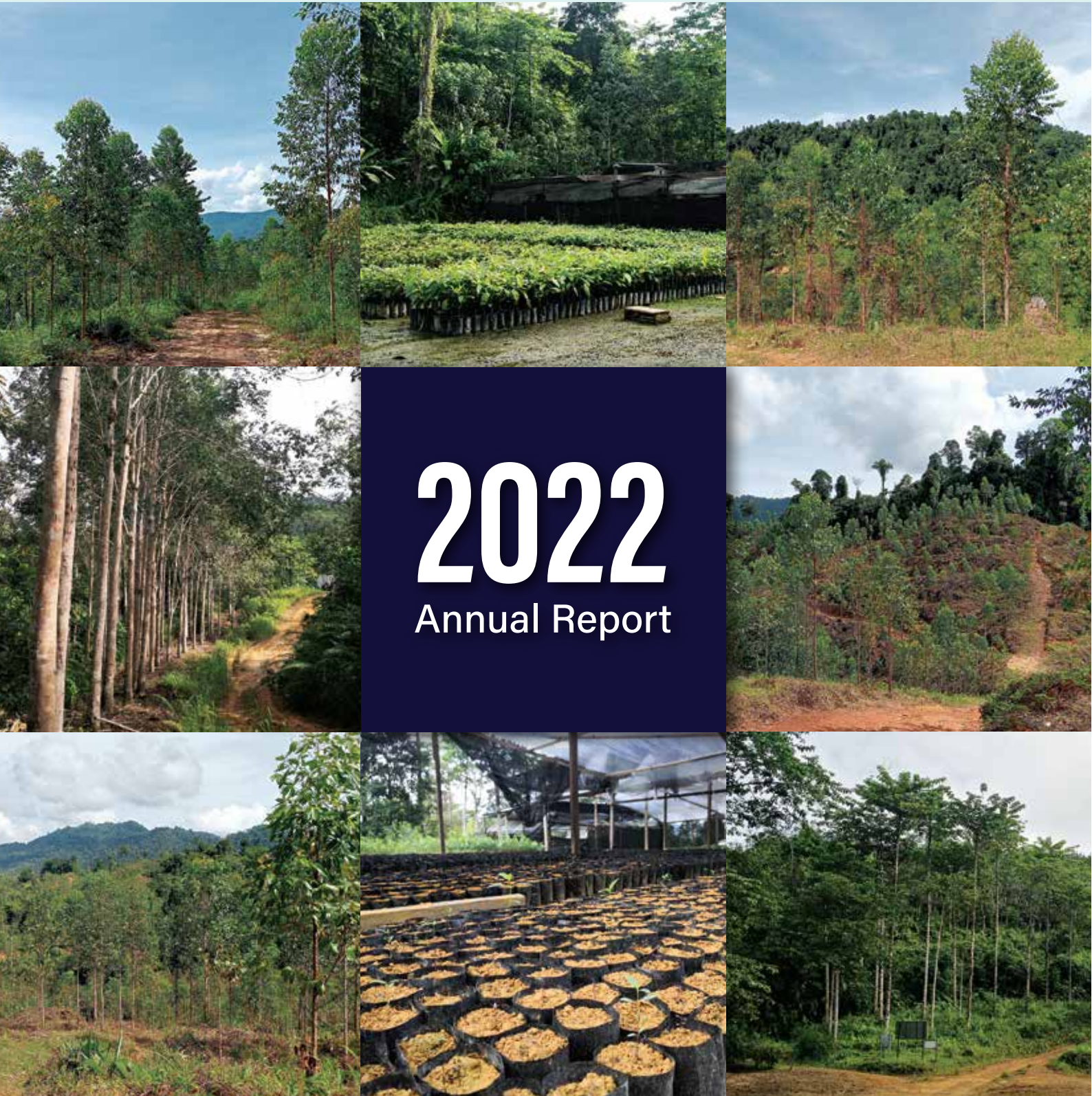


TIMBERWELL BERHAD

Registration No. 199601014835 (387185-W)



2022 Annual Report

WE PRACTICE SUSTAINABLE FORESTRY

<http://timwell.com.my>



Inside this Annual Report



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Visit our website for more information
<http://timwell.com.my>
We Practice Sustainable Forestry

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twenty-Seventh Annual General Meeting ("27th AGM") of Timberwell Berhad ("Company") will be held at Crown 2, Level 2, Sabah Oriental Hotel, Jalan Kemajuan, Karamunsing, 88000 Kota Kinabalu, Sabah on Wednesday, 24 May 2023 at 3:00 p.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2022 together with the Reports of the Directors and Auditors thereon. *Please refer to Explanatory Note (a)*
2. To approve the payment of Directors' fees amounting to RM250,000.00 for the financial year ended 31 December 2022. *Ordinary Resolution 1*
3. To approve the payment of Directors' benefit payable to the Board of the Company and its subsidiaries amounting to RM150,000 for the period from 25 May 2023 until the next Annual General Meeting of the Company. *Ordinary Resolution 2*
4. To re-elect the following directors who retire in accordance with Clause 97 of the Constitution of the Company and being eligible, offer themselves for re-election:-
 - a. Datuk Yap Pak Leong *Ordinary Resolution 3*
 - b. Agnes Soei-Tin Lamey *Ordinary Resolution 4*
5. To re-appoint Messrs. Baker Tilly Monteiro Heng PLT (AF 0117) as the Auditors of the Company and to authorise the Directors to fix their remuneration. *Ordinary Resolution 5*

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions, with or without modification:-

6. **Ordinary Resolution**
- Authority to Issue and Allot Shares *Ordinary Resolution 6*

"THAT subject always to the Companies Act 2016, Constitution of the Company and approvals from Bursa Malaysia Securities Berhad and any other governmental/regulatory bodies, where such approval is necessary, authority be and is hereby given to the Directors pursuant to Section 75 of the Companies Act 2016 to issue and allot not more than ten percent (10%) of the total number of issued shares (excluding treasury shares) of the Company at any time upon any such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit or in pursuance of offers, agreements or options to be made or granted by the Directors while this approval is in force until the conclusion of the next Annual General Meeting of the Company pursuant to Section 76 of the Companies Act 2016 and that the Directors be and are hereby further authorised to make or grant offers, agreements or options which would or might require shares to be issued after the expiration of the approval hereof.

THAT the Directors be further authorised to make or grant offers, agreements or options which would or might require shares to be issued after the expiration of the approval hereof.

Notice of Annual General Meeting *(continued)*

6. THAT in connection with the above, pursuant to Section 85 of the Companies Act 2016, to be read together with Clause 54 of the Constitution of the Company, approval be hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered with new shares ranking equally to the existing issued shares of the Company arising from any issuance of new shares in the Company pursuant to this mandate.

AND THAT the new shares to be issued shall, upon allotment and issuance, rank equally in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or other forms of distribution that which may be declared, made or paid before the date of allotment of such new shares."

7. To transact any other ordinary business of which due notice shall have been given.

BY ORDER OF THE BOARD

TAN BEE HWA (SSM PC NO. 202008001174 & MAICSA 7058049)

ELIZABETH ALLISON DE ZILVA (SSM PC NO. 202008002112 & MAICSA 7030086)

Company Secretaries

Kota Kinabalu

20th day of April 2023

NOTES:

1. Every member entitled to attend and vote at the meeting is entitled to appoint a proxy/proxies to attend participate, speak and vote for him/her but his attendance shall automatically revoke the proxy's authority. A proxy may but need not be a member of the Company.
2. A member shall be entitled to appoint not more than two (2) proxies to attend, vote and speak at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
3. Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, he may appoint not more than two (2) proxies in respect of each Securities Account he holds in ordinary shares of the Company standing to the credit of the said Securities Account.

Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

Where an authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
5. The instrument appointing a proxy must be deposited at the registered office of the Company at 2nd Floor, Wisma BSN Sabah, Jalan Kemajuan, Karamunsing, 88000 Kota Kinabalu, Sabah not less than forty-eight (48) hours before the time appointed for holding the meeting or adjournment thereof.
6. Date of Record of Depositors for the purpose of determining Members' entitlement to attend, participate, speak and vote at the Annual General Meeting is 12 May 2023.

Notice of Annual General Meeting *(continued)*

EXPLANATORY NOTES ON ORDINARY AND SPECIAL BUSINESSES:

(a) Item 1 of the Agenda

- Audited Financial Statements for the financial year ended 31 December 2022

This Agenda item is meant for discussion only, as the provision of Sections 248 and 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this agenda item will not be put for voting.

(b) Item 2 of the Agenda

- Directors' fees (Resolution 1)

Section 230(1) of the Companies Act 2016 provides that fees of the directors and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting.

The payment of the Directors' fees for the financial year ended 31 December 2022 will only be made if the proposed Resolution 1 has been passed at the 27th AGM pursuant to Clause 105 of the Company's Constitution and Section 230(1) of the Companies Act 2016.

(c) Item 3 of the Agenda

- Directors' benefit (Resolution 2)

The Directors' benefit payable comprises only the meeting allowances payable to the Non-Executive Directors of the Company as follows:-

	Executive Director(s)	Non-Executive Directors	Total Amount
Meeting Allowance	-	RM150,000	RM150,000

The total amount of meeting allowances of RM150,000 is derived from the number of scheduled and unscheduled meetings (when necessary) and the number of Directors involved in these meetings.

The Board is of the view that it is just and equitable for the Directors to be paid the Directors' meeting allowances as and when incurred, particularly after having discharged their responsibilities and rendered their services to the Company and its subsidiaries throughout the period from 25 May 2023 until the next Annual General Meeting ("AGM") in year 2024.

(d) Item 4 of the Agenda

- Re-election of Directors (Resolutions 3 and 4)

No individual is seeking election as a Director at the forthcoming 27th AGM of the Company.

Datuk Yap Pak Leong and Madam Agnes Soei-Tin Lamey are seeking for re-election as Directors of the Company and being eligible have offered themselves for re-election at this 27th AGM. The profile of the retiring Directors are set out in the Profile of Directors on pages 11 and 12 of the Annual Report 2022, including their latest interests in the shares of the Company disclosed under Analysis of Shareholdings of the Annual Report 2022.

The Annual Report 2022 is available at www.timwell.com.my.

(e) Item 5 of the Agenda

- Re-appointment of Auditors (Resolution 5)

The Audit Committee ("AC") has carried out an assessment of the suitability, objectivity and independence of the external auditors, Messrs. Baker Tilly Monteiro Heng PLT ("Baker Tilly") and was satisfied with the suitability of Baker Tilly based on the quality of audit, performance, competency and sufficiency of resources the external audit team provided to the Group. The Board therefore approved the AC's recommendation on the re-appointment of Baker Tilly as the external auditors of the Company be put forward for the shareholders' approval at the forthcoming 27th AGM.

Notice of Annual General Meeting *(continued)*

(f) Item 6 of the Agenda

- Authority to Issue and Allot Shares (Resolution 6)

The proposed Ordinary Resolution 6 is primarily to give flexibility to the Board to issue and allot shares to such persons at any time in their absolute discretion without convening a general meeting. This authorisation will expire at the conclusion of the next AGM of the Company.

This is the renewal of the mandate obtained from the members at the last AGM ("the Previous Mandate"). The Previous Mandate was not utilised and accordingly no proceeds were raised.

The purpose of this general mandate is for possible fund raising exercises including but not limited to further placement of shares, for purpose of funding current and/or future investment projects, working capital, repayment of borrowings and/or acquisitions.

By voting in favour of this proposed resolution, the shareholders of the Company are deemed to have waived their pre-emptive rights pursuant to Section 85(1) of the Companies Act 2016 and Clause 54 the Company's Constitution to be first offered any new shares ranking equally to the existing issued shares of the Company under this general mandate which will result in a dilution of their shareholding percentage in the Company.

Business Profile

TIMBERWELL BERHAD was incorporated as public company in Malaysia under the Companies Act 1965 and deemed registered under the Companies Act 2016 on 13 May 1996. The Company was subsequently listed on the then Second Board of Bursa Malaysia Securities Berhad on 16 May 1997.

The Company is a licence-holder of the Sustainable Forest Management Licence Agreement 06/97 ("SFMLA") granted by the State Government of Sabah covering an area of 71,293 hectares of natural forest in the Lingkabau Forest Reserve, Forest District of Kota Marudu, Sabah ("License Area"). Under the agreement, the Company has been granted the permission to plant, rehabilitate and harvest timber logs within the license area of 100 years commencing on 10 September 1997.

On 12 April 2018, the Company and the Chief Minister of the State of Sabah had entered into a Supplemental Agreement to amend the SFMLA dated 10 September 1997. The amendments involve rezoning New License Area, Rezoned Area and Excised Area. The New License Area had indicated an increase in the Industrial Tree Plantation area may enhance the Company's long-term prospect as it will enable the Company, to increase its production capacity and area for planting.

The Group operates under the following business units:-

FORESTRY DIVISION

Overseeing the timber harvesting and forest regeneration activities of the Group in compliance with the Annual Work Plan approved by the Sabah Forestry Department. With strict adherence to the principles of sustainable forest management, the Group abides to the practice of comprehensive harvesting plans, compliance with harvesting standards and application of internationally recognised Reduced Impact Logging technique.

The harvested timbers are supplied to other local millers and exported to countries in the Asia Region.

PLANTATION DIVISION

The Plantation activity currently undertaken by the Group is the cultivation of industrial trees of approved species to sustain long-term commercial value of the forest. Under the SFMLA, the Group has committed industrial tree plantation covering a total forest area of 30,125.38 hectares within the Lingkabau Forest Reserve. The indigenous industrial tree plantation species being cultivated includes Laran (*Neolamarckia Cadamba*), Binuang (*Octemeles Sumatrana*), Jelutung (*Dyera Costulata*) and rubber tree. The Company has recently updated the Plantation Development Plan with the inclusion of Mahogany and Eucalyptus as targeted species.

TRADING DIVISION

The activities include timber marketing and trading of timber.

PROPERTY DIVISION

The Property division involves in management and investment and holding of the Group's properties.



Our Vision

To be a regionally respected player in forest resource management and development based in East Malaysia.

Our Mission

To manage the natural forest under licence as renewable resource in economically viable, environmentally friendly and socially responsible manner to ensure sustainability.

Our Core Values

Stakeholder Satisfaction

A commitment to meet and surpass our stakeholder expectations.

Leadership by Example

A commitment to set standards and lead by example.

Integrity and Transparency

A commitment to be ethical, sincere, and open in our dealing.

Profit with Honour

A commitment to pursue profit by building long term values.

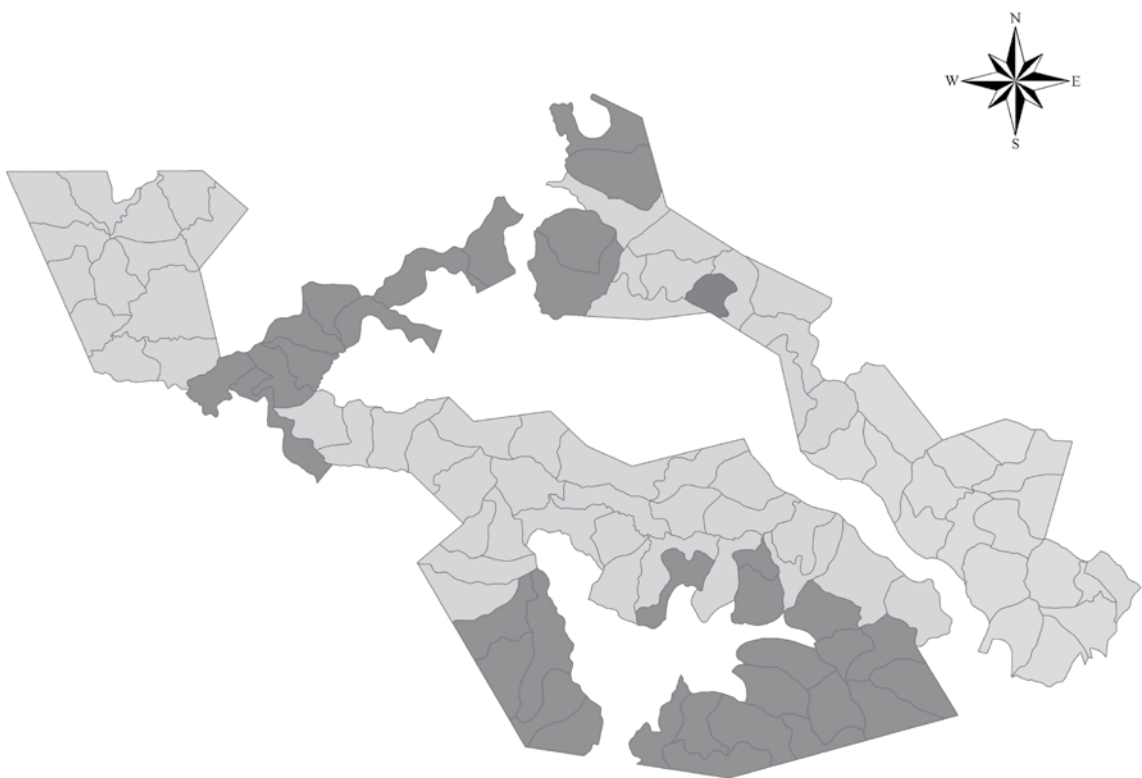
Fairness

A commitment to be objective and responsible, thereby promoting trust and respect.

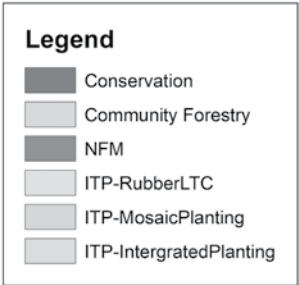
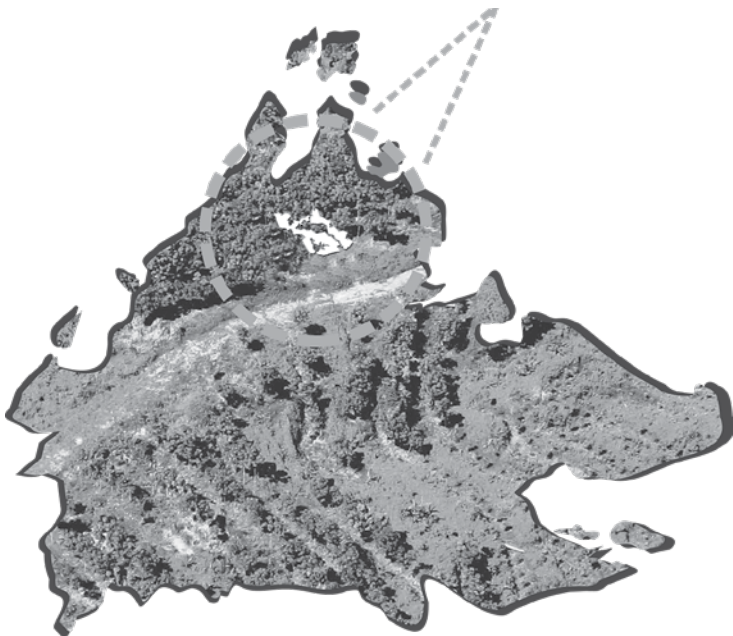
Pursuit of Excellence

A commitment to strive for the best in everything we do.

Location Map



Lingkabau Forest Reserve



Corporate Information

BOARD OF DIRECTORS

Wong Chong Kim

Chairman, Independent Non-Executive Director

Datuk Yap Pak Leong

Senior Independent Non-Executive Director

Loo Choo Hong

Independent Non-Executive Director

Michael @ Radio bin Luban

Independent Non-Executive Director

Agnes Soei-Tin Lamey

Non-Independent Non-Executive Director

Yap Fook Fung

Alternate Director to Datuk Yap Pak Leong

AUDIT COMMITTEE

Loo Choo Hong - Chairman

Datuk Yap Pak Leong

Agnes Soei-Tin Lamey

NOMINATION AND REMUNERATION COMMITTEE

Datuk Yap Pak Leong - Chairman

Agnes Soei-Tin Lamey

Michael @ Radio bin Luban

RISK MANAGEMENT COMMITTEE

Datuk Yap Pak Leong - Chairman

Agnes Soei-Tin Lamey

Michael @ Radio bin Luban

EXECUTIVE COMMITTEE

Datuk Yap Pak Leong - Chairman

Agnes Soei-Tin Lamey

Datuk Pau Chiong Ung

INVESTMENT COMMITTEE

Datuk Yap Pak Leong - Chairman

Agnes Soei-Tin Lamey

Loo Choo Hong (Appointed on 22 February 2023)

CHIEF EXECUTIVE OFFICER

Datuk Pau Chiong Ung

CORPORATE OFFICE

2nd Floor, Wisma BSN Sabah

Jalan Kemajuan, Karamuning

88000 Kota Kinabalu, Sabah

Tel : 088-214 222

Fax : 088-235 907

Email : enquiry@timwell.com.my

Website : http://timwell.com.my

COMPANY SECRETARIES

Tan Bee Hwa

(SSM PC No. 202008001174 & MAICSA 7058049)

Elizabeth Allison De Zilva

(SSM PC No. 202008002112 & MAICSA 7030086)

REGISTERED OFFICE

2nd Floor, Wisma BSN Sabah

Jalan Kemajuan, Karamuning

88000 Kota Kinabalu, Sabah

Tel : 088-214 222

Fax : 088-235 907

SHARE REGISTRAR

Securities Services (Holdings) Sdn. Bhd.

Level 7, Menara Milenium

Jalan Damanlela

Pusat Bandar Damansara

Damansara Heights

50490 Kuala Lumpur

Tel : 03-2084 9000

Fax : 03-2094 9940 / 2095 0292

AUDITORS

Messrs. Baker Tilly Monteiro Heng PLT

201906000600 (LLP0019411-LCA & AF0117)

Chartered Accountants

Baker Tilly Tower, Level 10, Tower 1

Avenue 5, Bangsar South City

59200, Kuala Lumpur

Tel : 03-2297 1000

Fax : 03-2282 9980

PRINCIPAL BANKERS

Affin Bank Berhad

Public Bank Berhad

STOCK EXCHANGE LISTING

Main Market of the Bursa Malaysia Securities Berhad

Sector : Industrial Products & Services

Stock Code : TIMWELL

Stock No. : 7854

Corporate Structure

100%

**TIMBERWELL PROPERTIES
SDN. BHD.**
199601018562 (390913-W)

100%

**TIMBERWELL PLANTATIONS
SDN. BHD.**
200601019883 (739636-U)

59.17%

**TIMBERWELL PLYWOOD
SDN. BHD.**
199801000555 (456681-T)



Directors' Profile

WONG CHONG KIM

Chairman/Independent Non-Executive Director

Aged 67/Malaysian/Male

Mr Wong Chong Kim is the Independent Non-Executive Director/Chairman of Timberwell Berhad. He was appointed as Chairman of the Board of Company on 25 May 2021. He is a Fellow Member of Association of Chartered Certified Accountants, United Kingdom.

Mr Wong is currently a commissioned dealer's representative of RHB Investment Bank Berhad since 1 August 2014.

He was formerly the Executive Director of OSK Holdings Berhad since November 1990 and re-designated as Non-Independent Non-Executive Director from May 2007 until April 2013. During his tenure as a Director of the Company, he had sat as a member of the Audit Committee, Risk Management Committee, Nominating Committee and Employee Share Options Scheme Committee.

He joined OSK Investment Berhad ("OSKIB") as Finance Manager in 1985 and was appointed to the Board in 1989 as an Executive Director.

He then resigned from the Board of OSKIB and appointed as Deputy Chief Executive Officer of OSKIB on January 2007. Prior to this, he was the Accountant and Assistant Credit Manager of a leading financial institution in 1983 for two years.

He was also a Non-Independent Non-Executive Director of OSK Ventures International Berhad and OSK Property Holdings Berhad for more than ten years before retiring on 10 April 2013.

Mr Wong is the spouse to Madam Lee Ngee Moi, a substantial shareholder of the Company and he holds 50% shares in Harmony Chime Sdn. Bhd. (a Company's shareholder).

He has no convictions for any offences within the past five (5) years other than traffic offence, and there are no public sanction or penalty imposed on him by the relevant regulatory bodies during the financial year 2022.

Details of number of board meetings attended by him during the financial year are set out in page 37 of this Annual Report.

DATUK YAP PAK LEONG

Senior Independent Non-Executive Director

Aged 88/Malaysian/Male

Datuk Yap Pak Leong was appointed to the Board of Directors of Timberwell Berhad on 27 September 2004. He is the Chairman of the Investment Committee, the Nomination and Remuneration Committee, the Executive Committee and the Risk Management Committee. He is also a member of the Audit Committee. Datuk Yap is a Chartered Accountant by profession and holds a Bachelor of Economics University Degree. He worked as State Minister in the Ministry of Manpower & Environmental Development of Sabah from 1976 to 1979 and Ministry of Local Government & Housing of Sabah from 1979 to 1982. He is presently the principal of P.L. Yap & Co. Chartered Accountants since 1962 and the Chairman of Sandakan Turf Club since 1984.

He does not hold any directorship in any other public companies.

He is the father to Ms Yap Fook Fung, the Alternate Director of the Company. He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no convictions for any offences within the past five (5) years and there are no public sanction or penalty imposed on him by the relevant regulatory bodies during the financial year 2022.

Details of number of board meetings attended by him during the financial year are set out in page 37 of this Annual Report.

Directors' Profile

(continued)

LOO CHOO HONG

Independent Non-Executive Director

Aged 50/Malaysian/Male

Mr Loo Choo Hong was appointed to the Board on 12 May 2017. He is the Chairman of the Audit Committee and a member of the Investment Committee. He was admitted as a member of the ACCA in 1998, and is currently a Fellow member of the accountancy body. He is also a member of the MIA and an associate member of the Institute of Internal Audit since 2001 and 2005 respectively. Mr Loo commenced his career as an Audit Assistant in a local accounting firm in 1998 and subsequently left as an Audit Supervisor in 2001, before he joined K.H. Kwong & Company as an Audit and Tax Manager. In 2005, he founded Messrs C.H. Loo & Co. and Pro Cast Management Services which offer various professional corporate and management services. Pro Cast Group of Companies was merged with ASQ Group in January 2018, he is currently the tax director of ASQ Tax Services Sdn. Bhd.

Mr Loo is also an Independent Non-Executive Director and the Chairman of the Audit Committee of Wang Zheng Berhad. In addition, he holds several other directorships in a number of private limited companies.

He is also a member of the Board of Trustees for the Malaysian Medical Association ("MMA") Foundation. MMA Foundation is a non-profit organisation which provides financial assistance for undergraduate medical students, continuing professional development, public health education and donations to charities.

He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no convictions for any offences within the past five (5) years other than traffic offence, and there are no public sanctions or penalties imposed on him by the relevant regulatory bodies during the financial year 2022.

Details of number of board meetings attended by him during the financial year are set out in page 37 of this Annual Report.

AGNES SOEI-TIN LAMEY

Non-Independent Non-Executive Director

Aged 69/British/Female

Agnes Soei-Tin Lamey was appointed as Director of the Company on 13 August 2007. She is a member of the Executive Committee, Nomination and Remuneration Committees, Risk Management Committee and Audit Committee. She has more than ten (10) years working experiences in Chartered Accountant firm in United Kingdom. Since coming to Malaysia in 1991, she has been involved in Sinar Pembangunan Sdn. Bhd., a family owned property development company in Sabah. She is currently a director of various private companies involving in oil palm plantations, and properties development business. She has extensive experience on the financial management of companies both in United Kingdom and Malaysia.

She does not hold any directorship in any other public companies.

She has no family relationship with any Director and has no conflict of interest with the Company. She has no convictions for any offences within the past five (5) years other than traffic offence, and there are no public sanction or penalty imposed on her by the relevant regulatory bodies during the financial year 2022.

Details of number of board meetings attended by her during the financial year are out in page 37 of this Annual Report.

Directors' Profile

(continued)

MICHAEL@RADIO BIN LUBAN

Independent Non-Executive Director

Aged 73/Malaysian/Male

Michael@Radio Bin Luban was appointed a Director of Timberwell Berhad on 23 February 2021. He was appointed as member of the Nomination and Remuneration Committee and Risk Management Committee on the same date.

Michael@Radio Bin Luban obtained his Master of Science in Human Resources Management through Post Graduate Programme in Hawaii University in 1996 and Bachelor of Science in Business Administration major in Human Resources Management from Hawaii Pacific College (presently known as Hawaii Pacific College University), Honolulu Hawaii in 1989.

He started his career as Assistant Officer with Sabah Road Transport Department from 1978 to 1995. He then involved in setting up the operation of Pusat Pemeriksaan Kenderaan Berkomputer Sdn. Bhd. ("PUSPAKOM"), one of the GLC in Sabah. He was posted to Tawau as Branch Manager of PUSPAKOM Tawau 1996-March 1999 and was transferred to PUSPAKOM Sandakan from April 1999 to year 2006. At the end of the same year, he got his early retirement approval at the age of 56 years old.

Upon retirement, Michael@Radio Bin Luban was self-employed at his own Small Holder Palm Oil Plantation, where he later joined the party Pribumi Bersatu Malaysia ("PPBM") of Beluran branch. As a member of the PPBM organisation, he is committed in assisting to uplift the standard of living of the local communities under the programme of Ministry of Agriculture and Food Industries of Malaysia.

He does not hold any directorship in any other public companies.

He does not have any family relationship with any other directors and/or major shareholders of the Company and has no conflict of interest with the Company. He has no conviction for any offences within the past five (5) years other than traffic offence, and there are no public sanctions or penalties imposed on him by the relevant regulatory bodies during the financial year 2022.

Details of number of board meetings attended by him during the financial year are set out in page 37 of this Annual Report.

YAP FOOK FUNG

Alternate Director to Datuk Yap Pak Leong

Aged 54/Malaysian/Female

Yap Fook Fung was appointed as Alternate Director to Datuk Yap Pak Leong on 1 January 2016.

She graduated with a Bachelor of Economics from Monash University, Melbourne, Australia in year 1993. She had been involved in Project Management of Jockey Lodge Hotel (Sandakan) on Construction and Furnishings in years 1995 and 1996. She also has vast experience in the tourism industry and she was the General Manager of Excel Dive & Tours (Borneo) Sdn. Bhd. for the period from 2000 to 2003 and 2008 to 2011. She managed the operations of inbound and outbound tour packages, as well as the development of websites and online booking system for the company.

She is currently the Senior Accountant for Sri Luasong Sdn. Bhd. and sits on the board of several private companies dealing with oil palm plantation, tree planting and property investment.

She does not hold any directorship in any other public companies.

She is a daughter to Datuk Yap Pak Leong, the Senior Independent Non-Executive Director. She has no conflict of interest with the Company and no family relationship with any Director (other than Datuk Yap Pak Leong) and/or major shareholder of the Company. She has no convictions for any offences within the past five (5) years other than traffic offence, and there are no public sanction or penalty imposed on her by the relevant regulatory bodies during the financial year 2022.

Details of number of board meetings attended by her during the financial year are out in page 37 of this Annual Report.

Key Senior Management

DATUK PAU CHIONG UNG

Chief Executive Office

Aged 71/Malaysian/Male

Datuk Pau Chiong Ung was appointed as Chief Executive Officer of the Company on 23 May 2006. He is a member of the Executive Committee. Datuk Pau holds a technical certificate of wood working, Japan. Datuk Pau has been engaged in timber and shipping industries for the last 30 years. In his working experience, he has served as shipping manager, general manager and managing director of a number of timber extraction and export companies. He is currently a director of several private companies involving timber extraction, wood manufacturing and shipping. He is also the Independent Director of Harbour Link Group Bhd.

His interest in the securities of the Company and its subsidiaries as at 31 March 2023 are as follows:

	Direct	%	Indirect	%
Ordinary Shares	800,000	0.90	-	-

He does not have any family relationship with any other director and/or major shareholders of the Company and has no conflict of interest with the Company except for certain recurrent related party transactions of revenue or trading in nature that is necessary for day-to-day operations of the Group. He has no convictions for any offences within the past five (5) years, other than traffic offences, and there are no public sanction or penalty imposed on him by the relevant regulatory bodies during the financial year 2022.

Chairman's Statement

Dear Shareholders

I am pleased to present to you the Annual Report, incorporating the Financial Statements of the Group and the Company, for the financial year ended 31 December 2022.

Overview

Since the Government announced the end of COVID-19, the Malaysian economy recorded a higher Gross Domestic Product ("GDP") of 8.7% in 2022.

Financial Review

During the financial period under review, the Group posted a revenue of RM27.0 million compared to RM30.9 million in the corresponding period of 2021. With the negative effects brought about by the global inflation, there has been a drastic decline in the demand and prices of timber towards the end of 2022.

The Group showed a Profit from operations of RM10.2 million (2021: Profit RM6.0 million) after consideration of the revaluation deficit of RM0.7 million (2021: Surplus RM4.0 million) from the Biological Assets and a revaluation surplus of RM7.8 million (2021: Deficit RM0.3 million) arising from the Investment Properties.

The Company had engaged Messrs. Smiths Gore Sabah to conduct a fair valuation on Biological and Intangible Assets and Investment Properties in accordance with the MFRS 141 and MFRS 140 respectively. The Net Present Value ("NPV") derived from the valuation report dated 31 December 2022 are summarised as per the tables below:

1. Biological and Intangible Assets

Particulars	NPV as at 31 December 2022 RM'000	NPV as at 31 December 2021 RM'000
Biological Assets (Planted trees)	29,650	29,500
Intangible Assets (Unharvested natural standing trees)	75,770	73,670
Total	105,420	103,170

The approach and method of the Biological Assets have met the criteria of the MFRS 141 and thus, the fair value derived from the Biological Assets is reflected in the financial report accordingly. However, the approach of the Intangible Assets does not fulfill the entire criteria and therefore the fair valuation of Intangible Assets will be used for impairment testing purposes and will not be incorporated in the financial results. The fair value on Biological Assets has the effect of Loss by 0.81 Sen (2021: Gain 4.51 Sen) contributing to the decrease in net assets per share of the Company for 2022 to 65.67 Sen (2021: 65.20 Sen)

2. Investment Properties

Particulars	NPV as at 31 December 2022 RM'000	NPV as at 31 December 2021 RM'000
Investment Properties		
Leasehold Land	12,600	4,554
Buildings	5,802	6,082
Total	18,402	10,636

The approach and method of the Investment Properties have met the criteria of the MFRS 140 and thus, the fair value derived from the Investment Properties is reflected in the financial report accordingly. The fair value on Investment Properties has the effect of Gain by 8.72 Sen (2021: Loss 0.30 Sen) contributing to the increase in net assets per share of the Company for 2022 to 74.39 Sen (2021: 64.90 Sen)

Chairman's Statement

(continued)

Operations Review

Due to the nature of our business, which is heavily dependent on timber prices, coupled with a challenging environment during the period under review, the Management had put in place a programme to maintain the development of our Forest Management Unit ("FMU") to enable additional revenue to be generated.

In the timber segment, the Company had been granted a Sustainable Forest Management Licence for 100 years commencing 1997 over an area of 71,293 hectares in Lingkabau Forest Reserve in Sabah. The Company, with the permission of State Government of Sabah, is able to plant, rehabilitate and harvest forest in the sustainable forest management concession area, which is marked for Natural Forest Management ("NFM"), Conservation and Industrial Tree Plantation ("ITP").

On 12 April 2018, the Company and the Chief Minister of the State of Sabah had entered into a Supplemental Agreement to amend the Principle Agreement; Sustainable Forest Management Licence Agreement ("SFMLA") dated 10 September 1997. The amendments involve rezoning a New License Area, Rezoned Area and Excised Area. The New License Area saw an increase in the ITP areas from 15,156.15 hectares (after excluding the community forest zone of 273.76 hectares) to 30,125.38 hectares. The amendments may enhance the Company's long-term prospect as it will enable the Company to enhance its production capacity and area for planting.

To-date, the industrial tree plantation area is planted with various tree species namely Mahogany, Eucalyptus and Rubber with the Group's concerted effort on gap enrichment planting, silvicultural treatment, and upkeep and maintenance of the sustainable forest management concession area.

Apart from this, various steps have also been taken by Management and the Board of Directors to transform the Company into a lean and dynamic organisation. With other measures which will be initiated in the coming months, we are confident that the Company will be poised to take advantage of any upturn in the timber market.

Achievement and Accomplishment

The Company remain committed to the Sabah Timber Legality Assurance System ("TLAS") for the management of its forest area. The Company has been certified as compliant with the requirements of the Sabah TLAS Principle 1 - 4, based on the assessment conducted by GFS (Sabah) Sdn. Bhd., reported in Document #GFSSBH 003-097 and Audit Statement #GFS 002 LVS.

In recognition of the continuous efforts by the Management and the Board of Directors, the Company was informed by the Sabah Forestry Department on the 13 April 2022 that the Company attained the Compliance Certificate, for its achievement of the overall performance in accordance with AWP2021. The Certificate was awarded by the Chief Minister of Sabah in a Ceremony held in Kota Kinabalu on the 24 August 2022.

Further to the compliance achieved by the Company, the proposed 2023 Annual Work Plan of the Company was approved by the Sabah Chief Conservator of Forests on the 30 December 2022.

Dividend

The Board does not recommend any dividend payment for the year.

Outlook and Prospect

Amid the more challenging external environment, Malaysia's economy is projected to experience a steady pace of growth in GDP of between 4% - 5% in 2023. Domestic demand is expected to remain resilient and will continue to be the anchor for growth.

The Group will be able to pursue better operational performance at lower costs through its continued prudent cost control measures and improvement in efficiency. It is the commitment of the Group to improve its earnings growth to ensure the Group's sustainability.

The Board of Directors is cautiously optimistic that the Group will continue to improve its performance for the financial year ending 31 December 2023.

Chairman's Statement

(continued)

Acknowledgement

I would like to express my heartfelt thanks to the Management and staff for their continuous commitment and invaluable contribution to the Group, as well as my Board colleagues for their dedication, invaluable advice and undivided support over the past year.

My sincere appreciation also goes to our shareholders, customers, bankers, business associates, partners, suppliers and the media for their unwavering support and confidence in our Group.

Last but not least, I would also like to take this opportunity to express the gratitude of the Group to the Sabah Forestry Department, various government agencies and regulatory authorities for their continued trust and confidence in us.

Wong Chong Kim

Chairman, Independent Non-Executive Director

Management Discussion and Analysis

This Management Discussion and Analysis ("MD&A") provide shareholders an overview and better understanding of Timberwell Berhad's ("the Company" or "TWB") financial and operational performance for the financial year ended 31 December 2022. The information in this MD&A should be read in conjunction with the Financial Statements for the year ended 31 December 2022 and the notes related thereto. The discussion of results, causes and trends should not be construed to imply any conclusions that such results, causes or trend will necessarily continue in future.

OVERVIEW

The Company has been granted a Sustainable Forest Management Licence Agreement (SFMLA 06/97) for 100 years commencing 10 September 1997 over an area of 71,293 hectares in Lingkabau Forest Reserve in Sabah. The State Government of Sabah granted permission to the Company to plant, rehabilitate and harvest forest in the principles of sustainable forest management and environmental conservation for economic, environmental purposes in the licenced concession area.

Subsequently, the Company has on 12 April 2018 entered into a Sustainable Forest Management Licence Agreement ("Supplemental") under SFMLA 06/97 for conversion of 15,438.30 hectares into Protection Forest Reserve ("Class One") and excise 10,195.28 hectares for socio-economic purpose.

The entire concession area is zoned into Natural Forest Management ("NFM"), Industrial Tree Plantation ("ITP"), and Community Forest as indicated in the following table.

Land use	(Ha)
Industrial Tree Plantation	30,125.38
Natural Forest Management	15,260.28
Community Forest	273.76
Total	45,659.42

FINANCIAL REVIEW

The global COVID-19 pandemic has weakened the timber market since year of 2020 and the situation improved in 2022, resulting in an increase in demand and selling price for timber. However, with the negative effects brought about by the global inflation, there has been a drastic decline in the demand and prices of timber towards the end of 2022.

Nevertheless, the Company and its subsidiary companies ("the Group") have adopted the following business strategies and strict controls on capital management to ensure its business sustainability and profitability:

- Limiting on capital expenditure, reducing on non-operating spending, focusing on key priorities and revenue generation.
- Closer monitoring of inventory and debtor management.
- Cost control measures, focusing on enhancing operational efficiencies.

Economic uncertainty and enhancing market conditions are expected to continue into the new financial year due to the global inflation. In this respect, the Group will continue to implement cost containment measures and rollout more innovative approaches in its operations to drive greater cost efficiency and productivity.

The Group generated a revenue of RM27.0 million (2021: RM30.9 million). The revenue decreased marginally by 12.6%. The drop in revenue is mainly due to the low in demand at the end of 2022.

The Profit after tax of RM10.2 million (2021: RM6.0 million) after taking into account the revaluation deficit derived from Biological Assets ("BA") amounting to RM0.7 million (2021: Surplus RM4.0 million) and the revaluation surplus arising from the Investment Properties ("IP") of RM7.8 million (2021: Deficit RM0.3 million).

The Company continued to appoint Messrs. Smiths Gore Sabah to conduct a fair valuation exercise on BA in accordance with MFRS 141 for the financial year ended 31 December 2022. The methods and approaches that form the basis of the valuation of the following areas in the FMU 3 are the Discounted Cash Flow and Income methods.

- Biological Assets ("planted trees") at the ITP area
- Intangible Assets ("natural unharvested standing trees") in the NFM and ITP area.

Management Discussion and Analysis

(continued)

FINANCIAL REVIEW (CONT'D)

The summary of the valuation report dated 31 December 2022 are shown in the table below:-

Net Present Value ("NPV")	31 December 2022 RM'000	31 December 2021 RM'000
Biological Assets	29,650	29,500
Intangible Assets	75,770	73,670
Total	105,420	103,170

The revaluation deficit derived from BA are illustrated as per table below:-

Particulars	NBV as at 31 December 2022 RM'000	NPV as Valuation Report 31 December 2022 RM'000	Revaluation Deficit RM'000
Biological Assets	30,370	29,650	(720)

The revaluation deficit of RM0.7 million derived from BA was reflected in the Audited Financial Results for the financial year ended 31 December 2022.

The fair value of RM75.8 million derived from the valuation of Intangible Assets as stated in the Valuation Report is for the purpose of impairment testing and will not be incorporated into the financial results of the Company for the financial year ended 31 December 2022.

The net assets per share of the Company as at 31 December 2022 after taking into account the fair valuation of BA were illustrated below:-

Particulars	Audited result as at 31 December 2022 before fair valuation of BA	Effect of the fair valuation	Audited result as at 31 December 2022 after the fair valuation of BA
Total equity (RM'000)	59,200	(720)	58,480
No. of shares ('000)	89,051	89,051	89,051
Net Assets per share (sen)	66.48	(0.81)	65.67

The Group has also carried out a valuation exercise on the Property, Plant and Equipment ("PPE") during the financial year ended 31 December 2022. The valuation is conducted in accordance with MFRS 116 in respect of the fair value measurement of PPE and also to ascertain the carrying value of PPE of the Group for impairment testing purposes.

Types of PPE	NBV as at 31 December 2022 RM'000	NPV as Valuation Report 31 December 2022 RM'000	Revaluation Surplus / (Deficit) RM'000
Investment Properties			
Leasehold Land	4,554	12,600	8,046
Building	6,082	5,802	(280)
Property, Plant and Equipment			
Building	376	407	31
Plant, Machinery and Equipment	4,908	5,767	859
Motor Vehicle	483	807	324
Total	16,403	25,383	8,980

Management Discussion and Analysis

(continued)

FINANCIAL REVIEW (CONT'D)

The revaluation surplus derived from IP are illustrated as per table below:-

Particulars	NBV as at 31 December 2022 RM'000	NPV as Valuation Report 31 December 2022 RM'000	Revaluation Surplus RM'000
Investment Properties			
Leasehold Land	4,554	12,600	8,046
Building	6,082	5,802	(280)
Total	10,636	18,402	7,766

The revaluation surplus of RM 7.8 million arising from the category of Investment Properties (Leasehold Land and Building) from the table above will be incorporated into the financial results of the Group for the financial year ended 31 December 2022.

The remaining valuation surplus of RM1.2 million is to ascertain the carrying value of PPE of the Group for impairment testing purposes.

The net assets per share of the Group as at 31 December 2022 will be increased by 8.72 sen to 74.39 sen upon incorporation of the revaluation surplus derived from Investment Properties, net of deferred tax as detailed hereunder:-

Descriptions	Audited result as at 31 December 2022 before fair valuation of Investment Properties	Effect of the fair valuation	Audited result as at 31 December 2022 after the fair valuation of Investment Properties
Total equity (RM'000)	58,480	7,766	66,246
No. of shares ('000)	89,051	89,051	89,051
Net Assets per share (sen)	65.67	8.72	74.39

OPERATION REVIEW

The focal operations of the Company are timber harvesting and area rehabilitation mainly involving Silviculture Treatment and Mosaic Timber Planting. The approved 2022 Annual Work Plan ("2022 AWP") stipulates the targets for all the activities in the entire year and the achievements are assessed at the end of 31 December 2022.

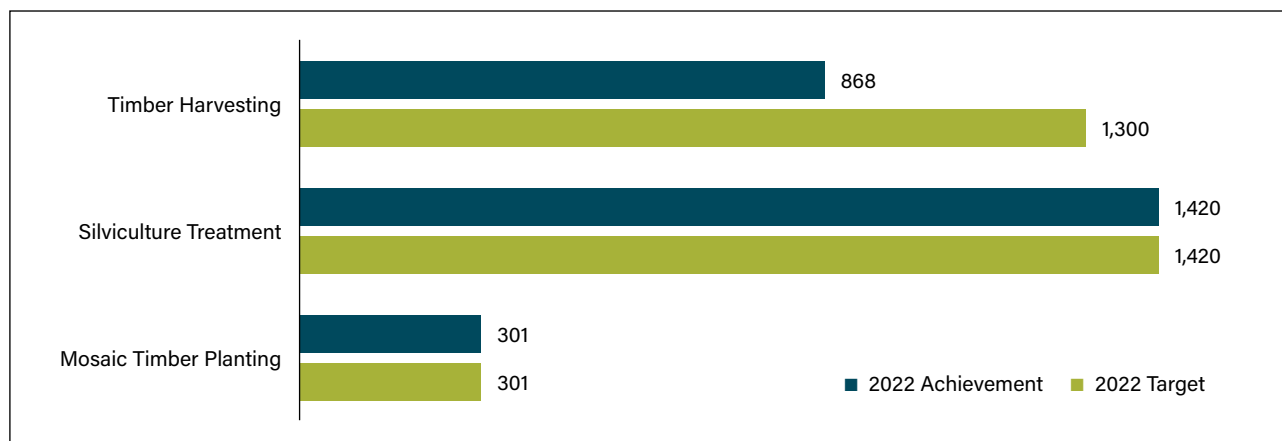


Figure 1 : Areas in hectare for 2022 AWP target and the year ending 2022 achievements

Management Discussion and Analysis

(continued)

OPERATION REVIEW (CONT'D)

The Company only managed to harvest about 66% of the targeted area for harvesting in 2022 mainly due to the adverse weather.

Though the market for timber stabilises in early 2022 and the state government has allowed round logs export on quota basis, the timber market deteriorate towards the end on 2022. Despite the set-back and the impact of adverse weather, the Company still managed to produce 48,478m³ of timber slightly less than the 67,191m³ produced in the previous year.

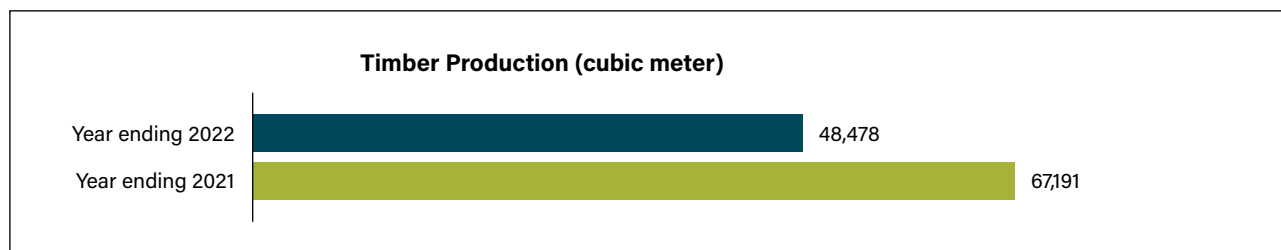


Figure 2: Comparison of logs production volume for year ending 2021 and 2022

Apart from the main tasks, other supporting activities carried out by the Company in 2022 are Area surveillance, Community Development and Outreach and Environmental inspection for Environmental Compliance. All the tasks are carried out in full compliance to the approved 2022 AWP.

Achievement and Accomplishment

For year ending 2022, the Company attained the following achievement:

Qualified to get Compliance Certificate for 2021 AWP on 13 April 2022

Approval of AWP 2022 on 16 March 2022

The Forestry Department had on 13 April 2022, informed that the Company has qualified to get the Compliance Certificate for the previous year achievement. The Certificate was awarded in a ceremony held on the 24 August 2022 which took place at Sabah International Conference Center Kota Kinabalu. The 2022 Annual Work Plan was also approved on the 16 March 2022 subject to minor amendment.

Outlook and Prospect

The Management continue to review the harvesting goal in 2022 to rationalise with the present market condition.

The Management is aware of the current economic situation and remain vigilant to improve productivity and efficiency. Within the principles of Sustainable Forest Management, the Management strives to carry out its tasks in a prudent and discreet manner while adapting to any improvement and strategy to address the evolving market, environment and social development.

Management Discussion and Analysis

(continued)

WORKFORCE

The success and achievement of our Group is related to our employees, both past and present, who loyally through hard work, strong leadership, honesty and respect have committed themselves to serve and dedicate their career and livelihood at TWB.

We are committed to diversity and have an equal employment opportunity. Whilst we actively promote the employment of women, some work on the field is more suitable for men due to the physical nature of the tasks. Male workers predominantly perform tasks in the silviculture, planting, harvesting and handling of heavy machineries, while women are assigned lighter work such as nursery keeping, budding and seed sowing.

The Company is committed in creating a dynamic workplace that is able to attract, retain and develop talents as an inherent component of maintaining sustainability.

As at 31 December 2022, the workforce is equipped with 54 employees.

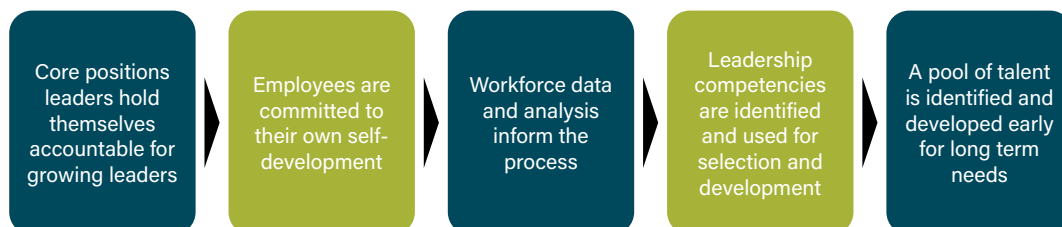
Employee by Gender	
Male	40
Female	14
Total	54

Employee by Nationality	
Malaysian	34
Foreigner	20
Total	54

Employee by Job Assignment	
Kota Kinabalu Office	13
Kota Marudu Office	2
Sandakan Office	1
Paitan Camp Office	38
Total	54

SUCCESSION PLANNING

The succession planning is vital to ensure a company always has the right leaders in place should a change takes place. It is thus important to develop and communicate the succession planning in a positive manner, in order to transmit information about the company's values, culture, and future direction. Therefore, the Management has created a precedent for the Company's Succession Planning to improve organisational succession and talent development programs through the Six (6) Key Elements guidelines.



The Company continued exploring the employee development plans and streamline the strategy into an "executive level" leadership development succession plan that will allow every employee to prepare and develop their future leadership roles in line with the Company's growth.

The Company's Succession Planning has been reviewed and assessed in the Executive Committee Meeting on 10 February 2022 and subsequently approved by the Board in the Board of Directors meeting held on 28 March 2023.

Management Discussion and Analysis

(continued)

EMPLOYEE DEVELOPMENT & TRAINING

TWB commits to providing training and development programs to our employees to ensure the achievement of their full potential, where possible. The Company continued emphasis in training and developing its employees despite the impediments to physical training brought about by COVID-19 pandemic.

During the year, our workforce has attended series of training and engagements pertaining to compliance awareness, finance, and environment via online platform such as zoom and webinars.

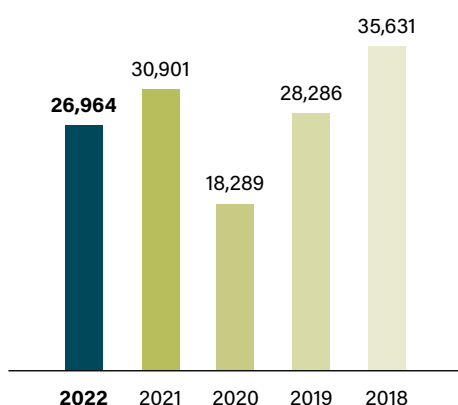
The training comprises both internal and external courses whilst the full list of training in respect to Sustainability are detailed in the Sustainability Statement.

No.	Title	Month Attended
External		
1.	Stakeholder Consultation Session on Action Plan for Sabah Forest Policy 2018 on Forest Plantation Development (2022-2035)	January 2022
2.	Customs Special Voluntary Disclosure & Amnesty Program	January 2022
3.	TCFD 101: Getting started with climate-related financial reporting	March 2022
4.	TCFD 102: Building experience in climate-related financial reporting	March 2022
5.	Affin Hwang AM Exclusive Webinar: A Date with Cathie Wood	March 2022
6.	Affin Hwang World Series-Long Term Global Growth Fund	March 2022
7.	CDP Beginner Disclosure Workshop	April 2022
8.	2022 Climate Change Disclosure Workshop	April 2022
9.	2022 Forests Disclosure Workshop	April 2022
10.	The Trend Webinar "What's Next for Ukraine"	April 2022
11.	MIRA: Everything Investor Relations Managers need to know about ESG Reporting	April 2022
12.	Tax Webinar 2022-Building Sustainable Future	May 2022
13.	Sesi Perbincangan Strategik Bersama SFMLA dan Jabatan Perhutanan Sabah	July 2022
14.	Resolving Boardroom and Shareholders Disputes	August 2022
15.	MIRA: Understanding the Importance of Section 17A-MACC Act 2009 Investor Relations	August 2022
16.	Latest Updates on RMCD Voluntary Disclosure and Amnesty Program	August 2022
17.	Transfer Pricing Webinar Series: Part 1 Getting Compliance Right for 2022	October 2022
18.	Transfer Pricing Webinar Series: Part 2 Documentation for Special Circumstances	October 2022
19.	Global Minimum Tax Announced in Malaysia Budget 2023	October 2022
20.	Bengkel Penggunaan Sistem Pemeriksaan & Taksiran Royalti Balak Bulat (Online System) Siri 2	October 2022
21.	SSM Employer Statutory Obligation	December 2022
22.	Akta Keselamatan dan Kesihatan Pekerjaan (Pindaan) 2022 dan Akta Kilang dan Jentera (Pemansuhan) 2022	December 2022
Internal		
23.	ESG In-House Training: A Decade to Confront the Climate Emergency by Sir Jonathan Dottri	October 2022
24.	ESG In-House Training: Accelerating Climate Action & Justice by Minister of Finance Malaysia and Indonesia	October 2022
25.	ESG In-House Training: Developing a Net Zero Roadmap by PWC	October 2022
26.	ESG In-House Training: Addressing ESG & Forced Labour Issues (Palm Oil) by Earthworm Foundation	October 2022
27.	ESG In-House Training: Task Force on Climate Change related Financial Disclosure (TCFD) Reporting for Scope 1, 2 & 3 by PWC	November 2022
28.	ESG In-House Training: Measuring What Matters Beyond Climate Nature related Disclosure by Business and Financiers by Deloitte HCV Network	November 2022

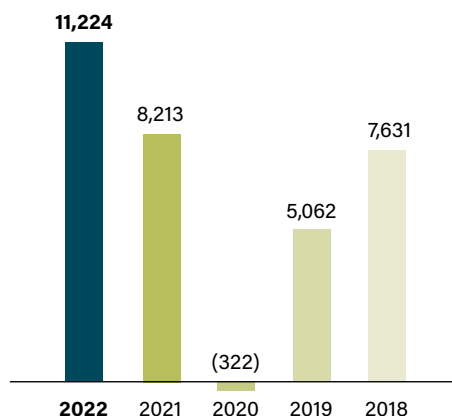
Five (5) Years Financial Highlights

	2022 RM'000	2021 RM'000	2020 RM'000	2019 RM'000	2018 RM'000
Revenue					
- Continuing Operations	26,964	30,901	18,289	28,286	35,631
- Discontinued Operations	-	-	-	-	-
Total Revenue	26,964	30,901	18,289	28,286	35,631
Profit/(Loss) Before Taxation					
- Continuing Operations	11,224	8,213	(322)	5,062	7,631
- Discontinued Operations	-	-	-	-	-
Total Profit/(Loss) Before Taxation	11,224	8,213	(322)	5,062	7,631
Income/(Loss) Attributable to Equity	7,159	6,212	(443)	4,784	6,344
Shareholder's Fund	63,488	58,110	51,898	52,341	49,004
Basic Earnings/(Loss) Per Share (Sen)	8.04	6.98	(0.50)	5.37	7.12
Net Assets Per Share (Sen)	71.29	65.25	58.28	58.77	55.03

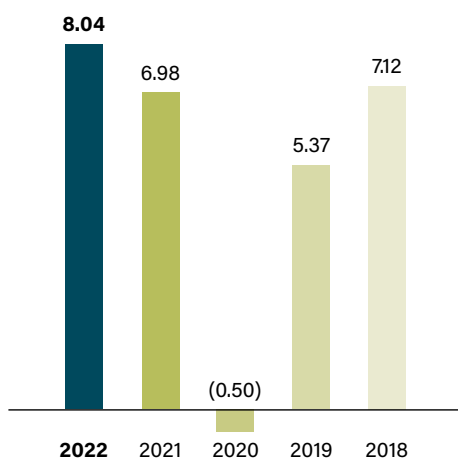
**TOTAL REVENUE
(RM'000)**



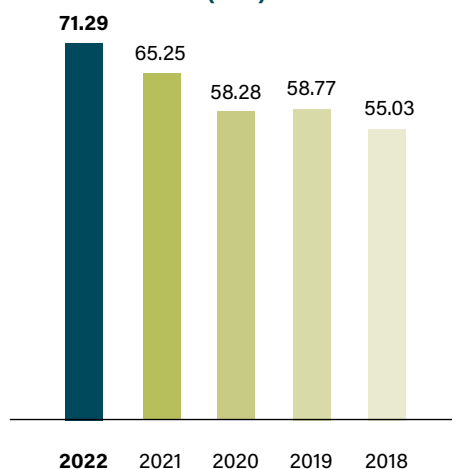
**TOTAL PROFIT/(LOSS) BEFORE TAXATION
(RM'000)**



**BASIC EARNINGS/(LOSS) PER SHARE
(Sen)**



**NET ASSETS PER SHARE
(Sen)**



Statement from the Chief Executive Officer

The Group faced varied challenges in 2022. The State Government has allowed round logs export albeit on quota basis. Towards the end of the third quarter of 2022 the international and local timber market experienced a downward trend which is expected to continue in 2023.

In the midst of all the challenges, the Company was again awarded the Certificate of Compliance by the Sabah Chief Conservator of Forests for fulfilling the requirements for Annual Working Plan 2021 with unswerving performance. The certificate was awarded by the Sabah Chief Minister in a ceremony held on the 24 August 2022. Subsequently, the Company has been granted approval for the Annual Work Plan 2023 by the Sabah Forestry Department on 30 December 2022.

In the process to achieve Malaysian Criteria and Indicator Standards, the Company intensify the effort to be ready for audit under Malaysian Timber Certification Scheme (Natural Forest) in 2023.

The commitment to replant a practical rehabilitation planting area with a combination of mosaic gap planting design and liberation treatment in line with the Action Plan on Forest Plantation Development (2022-2036) and carry out forest improvement through Silviculture activity and the practice of Reduced Impact Logging will remain in a sustainable approach. The Company will continue the effort in driving more efficient working environment and proficient cost control measure.

In spite of the challenging conditions, we are committed to make the Company a socially and environmentally responsible Company. We remain committed to Sustainable Forest Management Principles as we believe this is important for our future generations when we contribute towards prudent management of our forest resources to attain optimum economic, environmental and social returns.

Datuk Pau Chiong Ung
Chief Executive Officer

Sustainability Statement

OVERVIEW

The Company is a licence-holder of Sustainable Forest Management Licence Agreement 06/97 ("SFMLA 06/97"), covering an area of 71,293 hectare of natural forest in the Lingkabau Forest Reserve, Forest District of Kota Marudu, Sabah. Subsequently, the Company has on 12 April 2018 entered into a Sustainable Forest Management Licence Agreement ("Supplemental") under the 100 years SFMLA 06/97 for conversion of 15,438.30 hectares into Protection Forest Reserve ("Class One") and excise 10,195.28 hectares for socio-economic purpose. Pursuant to the exercise, the remaining licensed area is 45,659.42 hectares.

Our activities and commitments to Corporate Responsibility are consistent with the concept, principles and practices of the sustainable forest management to ensure the sustainability of our forest resources.

Under the SFMLA, we are mandated to manage the licenced forest area based on the principles of sustainable forest management "to ensure forest remaining large, healthy, diverse and productive".

The principles of sustainable forest management entail the following:

- sustained yield of all forest products;
- maintenance of environmental integrity;
- preservation of social benefits and cultural values; and
- maintenance of bio-diversity to support wildlife habitat and flora diversity.

In achieving the above principles, the Company has set the following Policy Statement:

- it shall apply forest management practices designed to ensure the sustained yield of wood resources and strive to respect the biological components of the ecosystem.
- it would strive to protect the forest by controlling fires, protecting watershed, wildlife, soil and landscape resources and restoring disturbed sites.
- it would put in place procedures to monitor its forestry activities and assess their result with a view to maintaining and enhancing its performance.

FOREST RESOURCE MANAGEMENT

The forest management practices adopted by the Company are basically in line with those advocated by Sabah Forestry Department and comprise the following:



The main activities for 2022 involves logs productions in ITP and NFM areas, Silviculture treatment, plantation and maintenance as well as Environmental Impact Assessment ("EIA") Compliance inspection and Report.

Sustainability Statement

(continued)

SOCIAL AND COMMUNITY DEVELOPMENT

Community Forestry in 2022

The Company's Community Outreach effort in 2022 are still very much affected by the COVID-19 pandemic. Due to this dialogue session was not conducted. However, community engagement have been carried out with community from Kampung Dampiron, Kampung Tagapalang, Kampung Abuan, Kampung Waigon 2 and support the Development of Kampung Gana. The engagement carried out are as listed in the Table below.

List of contributions to the Kampung in the vicinity of the forest reserve.

No.	Events
1.	Kampung Dampiron <ul style="list-style-type: none"> Meeting with Ketua Kampung and Pengerusi JPKK Dampiron on the status of Kampung Dampiron. (18 April 2022) The FMU Manager and Asst. Manager were called for a meeting with YB Datuk James Ratib ADUN N.39 Sugut with regard to Kampung Dampiron (20 April 2022) Joint Boundary Survey done by Company Rangers and Kampung community. (13 June 2022)
2.	Kampung Abuan <ul style="list-style-type: none"> Monetary contribution for Hari Raya and Kaamatan festival Kampung Abuan. Monetary contribution and jointly organized "Medical Camp" with Duchess of Kent Hospital Sandakan in giving free medical consultation.
3.	Kampung Waigon 2 <ul style="list-style-type: none"> Monetary contribution for Christmas celebration in Kampung Waigon 2.
4.	Kampung Tagapalang <ul style="list-style-type: none"> Monetary contribution for Christmas celebration Repair roads to Kampung Tagapalang after the bad weather.
5.	Kampung Gana <ul style="list-style-type: none"> Liased with the EU REDD+ project coordinator in the development plan for Kampung Gana.

Gallery



Figure 1: Meeting with Datuk James Ratib on the status of Kampung Dampiron.



Figure 2: 4WD convoy of Medical Officer from Duchess of Kent Hospital Sandakan arriving in Kampung Abuan for the free Medical Consultation to the communities.

Sustainability Statement (continued)



Figure 3: MOU between Sekolah Kebangsaan Abuan and Timberwell Berhad during the Medical Camp.



Figure 4: Monetary contribution delivered to Ketua Kampung Tagapalang for Christmas celebration.

ECONOMIC, SOCIAL AND GOVERNANCE

During the financial year 2022 ("FY2022"), the perspectives of our various stakeholders were gathered to identify, assess and mitigate the ESG risks areas through proper governance plan.

The stakeholder engagement table below illustrates the areas and methods of engagement for each stakeholder group, both internal and external, and gives an evaluation rating of their priority to the Group as well as the areas and outcomes of engagement.

FY2022 Stakeholder Engagement Table:

Stakeholder	Significance	Methods of Engagement	Relevant ESG Matters	Challenges Faced or Anticipated & Ways to Improve
Employee	High Dependence-High Influence	Interview or Meeting	<ul style="list-style-type: none"> Workplace Environment Learning & Development Anti-Fraud, Bribery & Corruption 	Skills & Knowledge Experience
Contractors	High Dependence-High Influence	Interview or Meeting	<ul style="list-style-type: none"> Climate Risks 	Non-Performance, Non-Compliance
Consumer/Buyer	High Dependence-High Influence	Marketing & Satisfaction	<ul style="list-style-type: none"> Economic Performance 	Price, Certification, Demand
Government / Regulation	Low Dependence-High Influence	Meeting Consultation	<ul style="list-style-type: none"> Compliance with Laws and Regulations by Governing Authorities 	Changes in Government's Policy / Regulation
Shareholders	Low Dependence-Low Influence	Annual General Meeting	<ul style="list-style-type: none"> Operational Performance Risk Management Business Sustainability 	Dividend
Community	Low Dependence-Low Influence	Website Employment Dialogue	<ul style="list-style-type: none"> Rights of Orang Kampung Employment Opportunities 	Lack of Education, NGOs, Natural Society, LEAP

Sustainability Statement

(continued)

1. BUYER

The buyer of the Company consists of round logs buyer(s) and also sawn timber buyer(s). The Company maintain a good business relationship with the buyers with long-term commitment to supply logs and timber. Even though the local timber market contracted towards the end of 2022, the long-term commitment ensure that the company are still able to trade the logs produced to the buyer(s) with mutual imbursement mode alteration.

1.1 Economic Performance

In the aftermath of the COVID-19 pandemic, many timber-based industries in Sabah are not able to withstand the challenge and have to either closed down their operation or downsize their capacity. This temporarily resulted in the increased of demand for round logs in 2022 but towards the year-end, the demand for round logs reduced drastically especially in the local market due to the global economic situation. The Company need to be more pragmatic to overcome the impediment and may consider to increase the volume for round logs export which have been allowed on quota basis by the Sabah State government in 2022.

The Company still remained Compliance to the Timber Legality Assurance System ("TLAS") even though TLAS audit was not able to be carried out in 2022. The TLAS certification audit was scheduled to be conducted in the first quarter of 2023. TLAS certification will support the buyers to declare that their product originated from legally and environmentally well managed area.

The Company is in the process of getting certification under the Malaysian Criteria and indicators for Forest Management Certification which is endorsed by the Programme for the Endorsement of Forest Certification ("PEFC") in order to gain broader acceptance to the European market.

2. CONTRACTOR

Contractor have high influence and high dependence to the Company and their most significant impact and influences key matter is Climate Change Risks.

In our Company, the engaged contractors for harvesting, silviculture, liberation treatment, planting and maintenance were all briefed prior to commencement of activities on requirements to observe environmental mitigations such as prohibition of any activities along the river/stream reserve. They also observed the open burning prohibitions and wildlife protection. Any violation is subject to a penalty as stipulated in the License Agreement.

2.1 Climate Change Risks

The Climate Risks involved in the company's activities are the potential for adverse effects on lives, livelihoods, health status, economic, social and cultural assets, services (including environmental), and infrastructure due to climate change. The changes in precipitation and increases in the frequency or intensity of some extreme weather events may gravely affect the Company business activities.

Therefore, the Company have inculcated to all the level of the company's governance to comply to the environmental regulatory requirements specified in all applicable Laws in Malaysia, observe all international Treaties and Agreements to which Malaysia is a signatory and commits to the Malaysian Criteria and indicators for Forest Management Certification. All mitigation measures specified the Environmental Impact Assessment must be implemented in order to safeguard faunal conservation, water and river conservation and land and soil conservation.

Sustainability Statement

(continued)

2. CONTRACTOR (CONT'D)

2.1 Climate Change Risks (cont'd)

The Company recognised the importance of global initiatives to protect fragile ecosystems and combat climate change. Bursa Malaysia Securities Berhad ("Bursa Securities") mandatory requirement for the adoption of Task Force on Climate-related Financial Disclosures ("TCFD") come effects gradually starting from the financial year ending 31 December 2023 onwards and this recommendation have also been accepted as the widely applicable disclosure framework for businesses globally. Accordingly, the Company would adopt the exercise by stages within the recommended timeframe and phases:-



3. EMPLOYEE

As much as the Company focused on employing local talent, it is still a challenge to secure local manpower to work in the operation field, even with the minimum wages being offered by the Company. Local pool remained uninterested in joining the plantation sector as compare to job location that is centered around the larger towns and industries which require less outdoor work.

The employee in Paitan Camp are entitled to decent accommodation, fair wages, clean sanitation, healthcare and access to food and clean water. The Company ensured that they only operate in a safe and secure working conditions in accordance to the Forced Labor policy. The Company has enhanced its internal policy to include the Forced Labor policy and ensure compliance to such policy. TWB also complied with the Malaysian Government's minimum wage policy and ensures all employees earn a basic salary of at least RM1,500 per month.

As the Country moved towards the endemic phase, the employees have fully returned to the physical work place and with the re-opening of the Malaysian borders in April 2022 has allowed the Company to resume processing the foreign workers employment.

In FY2022, all TWB employees are fully vaccinated. The Company has a procedure to hire only fully vaccinated new staffs into the Company in line with the strong recommendation from the Health Ministry for the citizens to get full vaccination and this has enabled its businesses to resume under usual operations.

Our basic set of benefits consists of both compulsory and non-compulsory benefits. Aside from the fair accommodation, our employees at Paitan Camp have free access to leisure and sports activities at the camp site at the end of their job hours. The Company also organised Birthday celebration for its employees and Christmas gathering with a lucky draw activity as a token of appreciation to all the employees.

Sustainability Statement

(continued)

3. EMPLOYEE (CONT'D)

3.1 Workplace Environment

Yearly fire drill



Figure 1: Fire drill was conducted on 1 December 2022 to increase fire safety awareness among the employees.



Figure 2: A mock emergency first aider giving first aid to victim caught on fire until arrival of ambulance.

Our employees play a vital role in the success and sustainability of our Company. We strive to create a work environment that is conducive and supportive, as we continue to improve on our organisational structure, processes and employee mind set to boost the growth of the Group.

Company places great emphasis on safety and health of its employees while maintaining a comfortable and conducive work environment through the following initiatives:

- Constant updating and promoting the awareness of safety precautions and health issues;
- Yearly talk on fire safety prevention and fire drill exercise;
- Monthly scheduled pest control to eradicate common pest species including rats, cockroaches, mosquitoes, ants as well as less common pest species such as fleas, bed bugs, birds, bees, hornets and store product insects.
- Maintaining a workplace that is free from theft, violence, harassment, intimidation and other unsafe and disruptive influences due to internal and external conditions.

3.2 Learning & Development

The Company places much emphasis on its staff training and development programmes. As with its Board of Directors, staff are also encouraged to undertake continuing professional education to equip themselves with the latest technical and statutory updates to stay relevant and be prepared for their jobs.

In FY2022, a total of 18 trainings in relation to Sustainability within the Company's operations were attended by different level of employees. The summary of the relevant trainings is listed below:

No.	Continuing Education Programme Attended	Month Attended
External		
1.	Stakeholder Consultation Session on Action Plan for Sabah Forest Policy 2018 on Forest Plantation Development (2022-2035)	January 2022
2.	Customs Special Voluntary Disclosure & Amnesty Program	January 2022
3.	TCFD 101: Getting started with climate-related financial reporting	March 2022
4.	TCFD 102: Building experience in climate-related financial reporting	March 2022
5.	Affin Hwang AM Exclusive Webinar: A Date with Cathie Wood	March 2022
6.	Affin Hwang World Series-Long Term Global Growth Fund	March 2022
7.	CDP Beginner Disclosure Workshop	April 2022

Sustainability Statement

(continued)

3. EMPLOYEE (CONT'D)

3.2 Learning & Development (cont'd)

No.	Continuing Education Programme Attended	Month Attended
External		
8.	2022 Climate Change Disclosure Workshop of CDP	April 2022
9.	2022 Forests Disclosure Workshop	April 2022
10.	MIRA: Everything Investor Relations Managers need to know about ESG Reporting	April 2022
11.	MIRA: Understanding the Importance of Section 17A-MACC Act 2009 Investor Relations	August 2022
12.	Akta Keselamatan dan Kesihatan Pekerjaan (Pindaan) 2022 dan Akta Kilang dan Jentera (Pemansuhan) 2022	December 2022
Internal		
13.	ESG In-House Training: A Decade to Confront the Climate Emergency by Sir Jonathan Dottri	October 2022
14.	ESG In-House Training: Accelerating Climate Action & Justice by Minister of Finance Malaysia and Indonesia	October 2022
15.	ESG In-House Training: Developing a Net Zero Roadmap by PWC	October 2022
16.	ESG In-House Training: Addressing ESG & Forced Labour Issues (Palm Oil) by Earthworm Foundation	October 2022
17.	ESG In-House Training: Task Force on Climate Change related Financial Disclosure (TCFD) Reporting for Scope 1, 2 & 3 by PWC	November 2022
18.	ESG In-House Training: Measuring What Matters Beyond Climate Nature related Disclosure by Business and Financiers by Deloitte HCV Network	November 2022

During COVID-19 pandemic, physical training sessions were limited and had to be replaced with online sessions instead. Due to the change in SOP, the Company will consider physical trainings for its employees, as and when applicable.

3.3 Anti-Bribery & Corruption

The new focus of the Government is to combat corruption which can be seen through various initiatives undertaken in both private and public sectors. One of the initiatives was the amendment to the Malaysian Anti-Corruption Commission Act, 2009 ("MACC Act, 2009"), (Section 17A on Corporate Liability) which took effects in June 2020. Section 17A of the MACC Act, 2009 would have a repercussion on commercial entities should they failed to implement the Ministerial Guidelines on the Adequate Procedures.

In line with this, the Company is committed to fostering an Anti-Bribery and Corruption culture and to ensuring that its activities and transactions are open, transparent and are conducted in accordance with its policies and the laws. The Anti-Bribery and Corruption Policy which applies to all directors, officers, trustees, partners, employees and persons associated with the Group, and the said policy is available on the Company's website at <http://timwell.com.my>.

In FY2022, few staffs have attended the anti-bribery and corruption related training, "Understanding the Importance of Section 17A-MACC Act 2009".

TWB has a whistleblower mechanism in placed which provides a proper channel for employees who wish to report any forms of unethical behavior, misconduct, fraud and other workplace malpractice.

Our Whistle Blower Policy ("WBP") is also available on the Company's website at <http://timwell.com.my>.

The WBP serves as both an anti-corruption mechanism and a grievance mechanism for all employees. All reports made are thoroughly investigated by the appropriate channels and the whistleblower's identity will remain anonymous throughout the process. The whistleblower will also be granted immunity from any form of reprisal or punitive action.

In FY2022, zero case involving corruption were reported through the Whistle Blower channel.

Sustainability Statement

(continued)

SUSTAINABILITY GOALS

In line with the Company's sustainability goals, we have actively sought to improve and raise the level of sustainability within our operations while addressing economic, social and governance challenges. The Company has adopted several sustainability policies aimed at delivering our commitment without compromising on performance. These apply to the Company and its subsidiary companies.

Policy	Last Review/Update
Code of Conduct & Business Ethics	March 2023
Whistle Blowing Policy	March 2023
Board Diversity Policy	March 2023
Succession Planning Policy	February 2022
Occupational Safety and Health Policy	February 2022
Environmental and Biodiversity Policy	February 2022
Anti-Bribery & Corruption Policy	February 2022
New Normal Practices	February 2022
Risk Assessment Profile Statement	August 2022

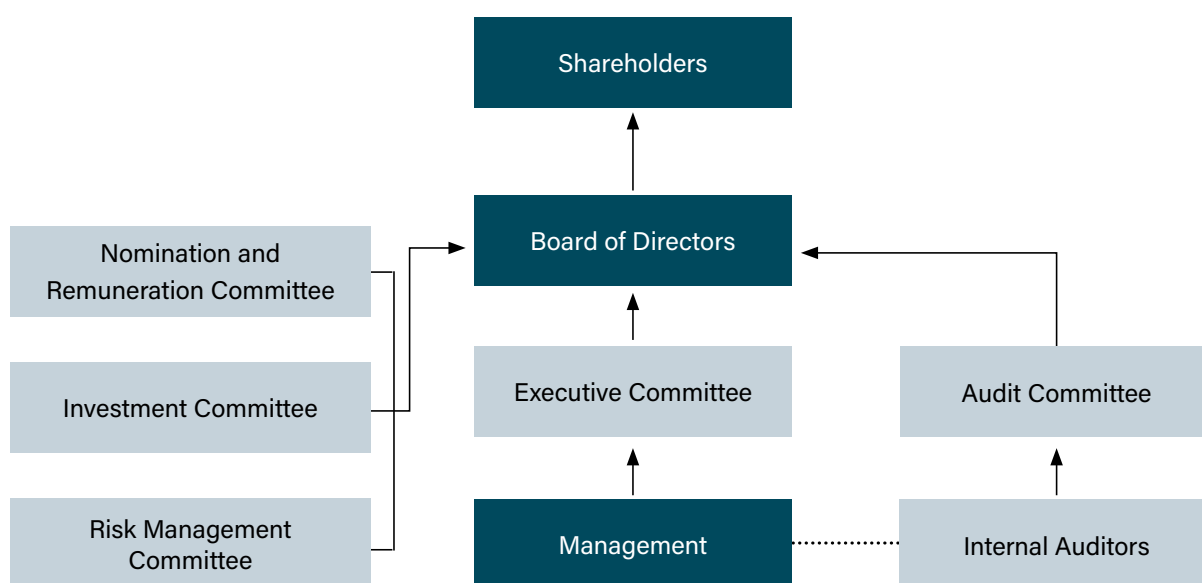
Corporate Governance Overview Statement

The Board of Directors ("Board") is fully committed to ensuring that a high standard of corporate governance in accordance with the Malaysian Code on Corporate Governance 2021 ("Code") is applied and maintained throughout the Group with the ultimate objective of safeguarding the interests of the shareholders as well as other stakeholders and the financial performance of the Group.

The Board is pleased to set out below how the Group has applied the three (3) key principles laid down in the Code. This Statement, together with the Statement on Risk Management and Internal Control, sets out the manner in which the Company has applied the principles and practices of the Code.

This statement is to be read together with the Corporate Governance Report ("CG Report") which is available on the Company's website at <http://www.timwell.com.my> as well as via an announcement on the website of Bursa Malaysia Securities Berhad ("Bursa Securities") (<http://www.bursamalaysia.com>).

CORPORATE GOVERNANCE STRUCTURE



PRINCIPLE A- BOARD LEADERSHIP AND EFFECTIVENESS

PART I - BOARD RESPONSIBILITIES

1. Board's Leadership on Objectives and Goals

1.1 Strategic Aims, Values and Standards

The Board has full control of and is responsible for the Group's overall strategy, formulation of policies, annual budget, review of financial and operational performance and internal control.

The Board has delegated matters pertaining to the day-to-day management, operations and strategic development of the Group to the Chief Executive Officer ("CEO") who is supported by a competent Management team.

The Board acknowledges the essential of ensuring that the Company's strategies promote sustainability. As in the timber industry, the Board is strongly aware of the importance of balancing of environmental, social and governance aspect with the interest of various stakeholders is essential to enhancing investors' perception and public trust.

The Sustainability Statements, which the details are presented on pages 26 to 34 which stated the actions taken by the Company in protecting the environment while striking to achieve a better performance towards the goal at sustainable development.

Corporate Governance Overview Statement

(continued)

PRINCIPLE A- BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART I - BOARD RESPONSIBILITIES (CONT'D)

1. Board's Leadership on Objectives and Goals (cont'd)

1.1 Strategic Aims, Values and Standards (cont'd)

The Board is constantly mindful of the need to safeguard the interests of the Group's stakeholders. In order to facilitate the effective discharge of its duties, the Board is guided by the Board Charter, which was reviewed by the Board on 28 March 2023. The Board Charter has been published on the Company's website at <http://timwell.com.my>.

The Board Charter serves to ensure that all Board members acting on the Group's behalf are aware of their expanding roles and responsibilities. It sets out the strategic intent and specific responsibilities to be discharged by the Board members collectively and individually. It also regulates on how the Board conducts business in accordance with Corporate Governance principles. The Board Charter is reviewed periodically to ensure that it complies with the best practices and regulations.

The Board has set the management authority limit and retained its authority of approval on significant matters. The Board has also formalised its responsibilities and functions as well as the division of responsibilities and powers between the Board, Management and Board Committees in its Board Charter. This Board Charter also provides a basis to the Board in assessing its own performance and that of its individual directors. Key matters such as approval of annual and interim results, acquisitions and disposals, as well as material agreements are reserved for the Board.

The Board, through the Audit Committee, Nomination & Remuneration Committee, Risk Management Committee and other relevant Committees, provides effective oversight of Management's performance, risk assessment and controls over business operations, and compliance with regulatory requirements.

1.2 The Roles of Chairman and CEO

The Chairman of the Company leads the Board with a keen focus on governance and compliance and acts as a facilitator at Board meetings to ensure that contributions by Directors are forthcoming on matters being deliberated and that no Board member dominates discussion. Together with the Executive Director, other Non-Executive and Independent Directors, he leads the discussion on the strategies and policies recommended by Management. He chairs the meetings of the Board and the shareholders, and thus ensuring effective communication with the shareholders as well as the relevant stakeholders.

The CEO is responsible for ensuring the effective implementation of the Group's strategic plan and policies established by the Board, as well as to manage the daily conduct of the business. In addition, he is accountable to the Board for the achievement of the Group's goals and objectives and is expected to act within the authorities delegated to him by the Board.

The details of the role and functions of the Chairman and CEO are stated in the Board Charter.

1.3 Separation of the Positions of the Chairman and CEO

The Board recognises the importance of having a clear separation of responsibilities of the Chairman and the CEO to promote accountability, ensure appropriate balance of roles, facilitates division of responsibilities between them so as to ensure no one individual can influence the Board's discussions and decision making.

The position of the Chairman and the CEO are held separately by Mr Wong Chong Kim and Datuk Pau Chiong Ung, respectively, to ensure a good balance of power and authority such that no one individual has unfettered powers in decision making.

The CEO serves as the conduit between the Board and Management in ensuring the success of the Group's governance and management function.

In the absence of its CEO, the Managing Director who is fully acquainted with the Company's affairs, is the person who will be directly responsible for the overall running of the Company.

Corporate Governance Overview Statement

(continued)

PRINCIPLE A- BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART I - BOARD RESPONSIBILITIES (CONT'D)

1. Board's Leadership on Objectives and Goals (cont'd)

1.3 Separation of the Positions of the Chairman and CEO (cont'd)

The Managing Director during the financial year under review is Dato Sri Tiong King Sing who has resigned on 3 January 2023.

1.4 Qualified and Competent Secretaries

In performing their duties, all Directors have access to the services of the Company Secretaries. The Company Secretaries acts as the corporate governance counsel and ensures good information flow within Board, Board Committees and Management. The Company Secretaries attended all meetings of the Board and Board Committees and have been providing guidance to the Directors on the requirements encapsulated in the Company's Constitution and legislative promulgations such as the Companies Act 2016 ("the Act"), Main Market Listing Requirements ("MMLR"), the Code, etc.

1.5 Board Meetings

The Board meets on a quarterly basis, with additional meetings convened as and when necessary. All the proceedings at the Board meetings are properly minuted and signed by the Chairman. The Board follows formal schedules for meeting and all the Board members are adequately provided with status report and Board papers within a reasonable period prior to the meeting to assist them to make the best decisions in the best interest of the Company at all times. However, urgent matters may be tabled at the meeting itself. To facilitate productive and meaningful deliberations, the proceedings of the Board meetings are conducted in accordance with a structured agenda. The Board papers include, among others, the following documents or information:

- Reports of meetings of committees of the Board, including matters requiring the full Board's deliberation and approval;
- Performance reports of the Group, which include information on financial, strategic business issues, major operational issues and updates; and
- Board papers for other matters for discussion/approval.

To ensure that the Directors have the time to focus and fulfil their roles and responsibilities effectively, the Directors must not hold directorships in more than five (5) public listed companies and shall notify the Chairman before accepting any new directorship.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. During the financial year ended 31 December 2022, a total of five (5) Board Meetings were held. The following are the details of attendance of the Directors:

Name of Directors	Designation	Number of Meetings attended
Mr Wong Chong Kim	Independent Non-Executive Director	5/5
Dato Sri Tiong King Sing*	Managing Director	4/5
Datuk Yap Pak Leong (or his Alternate Director: Ms Yap Fook Fung)	Senior Independent Non-Executive Director	5/5
Mr Loo Choo Hong	Independent Non-Executive Director	5/5
Madam Agnes Soei-Tin Lamey	Non-Independent Non-Executive Director	5/5
Mr Michael @ Radio bin Luban	Independent Non-Executive Director	5/5

* Dato Sri Tiong King Sing resigned as Managing Director with effect from 3 January 2023.

All Directors complied with the requirements of Paragraph 15.05(3)(c) of the MMLR which stipulates a minimum of 50% attendance of the Board meetings held in a financial year.

Corporate Governance Overview Statement

(continued)

PRINCIPLE A- BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART I - BOARD RESPONSIBILITIES (CONT'D)

1. Board's Leadership on Objectives and Goals (cont'd)

1.6 Access to Information and Advice

The Board has full access to all information pertaining to the Group's business affairs to enable them to discharge their responsibilities effectively.

Board and Board Committee meetings are prepared diligently and are structured with a pre-determined agenda. Prior to the meetings, meeting papers, which include operational and financial information, are circulated to the members to provide time for the Directors to read and contemplate the issues. During the meetings, Management will provide details on each issue raised for discussion or as supplementary information.

In furtherance of their duties, the Directors have full and unrestricted access to any information pertaining to the Company, and services of the Company Secretaries. Independent professional or other advice is also made available to Directors at the Company's expense and in accordance with decision of the Board as a whole should such advice is required.

1.7 Code of Ethics and Conduct

The Board is committed in maintaining a corporate culture which engenders ethical conduct. The ethical standards are formalised through the Company's Code of Ethics and Conduct, which requires all Directors and Employees to observe high ethical business standards, honesty and integrity and to apply these values to all aspects of the Group's business and professional practice and act in good faith in the best interests of the Group and its shareholders.

The Code of Ethics and Conduct is accessible on the Company's website.

1.8 Whistle Blowing Policy

The Board has also adopted a whistleblowing policy ("WP") setting out the appropriate communication and feedback channels to facilitate whistleblowing. The implementation of the WP is in line with Section 587 of the Companies Act 2016 ("the Act") where provisions have been made to protect Timberwell's officers who make disclosures on breach or non-observance of any requirement or provision of the Act or on any serious offence involving fraud and dishonesty.

The WP is accessible on the Company's website.

1.9 Anti-Bribery and Corruption Policy

The Board was appraised and updated on the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018) ("MACC Act 2009") especially Section 17A of the Corporate Liability Provisions. The Board had adopted an Anti-Bribery and Corruption Policy which was drafted based on the Principles detailed in the "Guidelines on Adequate Procedures" issued by the Prime Minister's Department to promote better governance culture and ethical behaviour within the Group and to prevent the occurrence of corrupt practices.

A copy of the Anti-Bribery and Corruption Policy is made available on the Company's website.

Corporate Governance Overview Statement

(continued)

PRINCIPLE A- BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II - BOARD COMPOSITION

1. Strengthen Board's Objectivity

1.1 Board Committees

The Board is supported by the following Board Committees whose compositions are in accordance with the best practices as prescribed by the Code to ensure the Board's effectiveness and to efficiently discharge its duties and responsibilities. Each Board Committee operates within its terms, which clearly define its functions and responsibilities. Minutes of Board Committee meetings are circulated at the Board Meetings.

a. Audit Committee ("AC")

The objective, composition, terms of reference and activities of the AC together with its report are presented on pages 58 to 62 of the Annual Report.

b. Nomination and Remuneration Committee ("NRC")

The Company has a combined Nomination Committee and Remuneration Committee for the purpose of expediency, since the same members are entrusted with the functions of both the Committees. The members of the NRC are mindful of their dual roles, which are clearly reflected and demarcated in the Agendas of each meeting.

Objectives

- To ensure a fair and transparent process of Board appointments, in particular to assist the Board to identify suitable candidates and make recommendations for consideration of the Board and shareholders.
- To set the policy framework and make recommendations to the Board on all elements of the remuneration package and performance arrangements for the CEO, Executive Director and Non-Executive Directors.

The current members of the NRC are as follows:

Name of Directors	Designation
Datuk Yap Pak Leong (Chairman)	Senior Independent Non-Executive Director
Madam Agnes Soei-Tin Lamey	Non-Independent Non-Executive Director
Mr Michael@Radio bin Luban	Independent Non-Executive Director

The NRC shall be appointed from amongst the Board and shall comprise exclusively non-executive directors and a majority of whom are independent.

The detailed terms of references of the NRC is made available on the Company's website at www.timwell.com.my

Nomination Function

The NRC is responsible for assessing the adequacy and appropriateness of the board composition, identifying and recommending suitable candidates for Board membership and also for assessing the performance of the Directors on an ongoing basis. The Board will have the ultimate responsibility and final decision on the appointment. This process shall ensure that the Board membership accurately reflects the long-term strategic direction and needs of the Company and determine skills matrix to support strategic direction and needs of the Company.

Management shall engage broadly to develop a pool of interested potential candidates meeting the skills, expertise, personal qualities, diversity requirements, age and cultural background, for both the Board and the Committee appointments.

Corporate Governance Overview Statement

(continued)

PRINCIPLE A- BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II - BOARD COMPOSITION (CONT'D)

1. Strengthen Board's Objectivity (cont'd)

1.1 Board Committees (cont'd)

b. Nomination and Remuneration Committee ("NRC") (cont'd)

Nomination Function (cont'd)

The NRC evaluates and matches the criteria of the candidate, and will consider diversity, including gender, where appropriate, and recommends to the Board for appointment.

Consideration will be given to those individuals possessing the identified skill, talent and experience.

The NRC will contact those persons identified to determine interest in serving the Company. This communication will ensure that prospective Board members have clarity regarding the nominating process as well as Director/ Board profiles, roles and responsibilities, expectations of time commitments and other information as required.

Remuneration Function

The NRC also reviews the remuneration of the Board and Senior Management from time to time with a view to ensuring the Company offers fair compensation and is able to attract and retain talent who can add value to the Company. The Directors' Fees paid to the Directors are tabled at the Company's Annual General Meeting ("AGM") for approval.

Summary of Activities of NRC

During the financial year under review, two (2) meetings were held and attended by all members. The main the activities carried out by the NRC during the financial year under review were as follows:

- reviewed the terms of reference of NRC;
- reviewed and assessed the effectiveness of the Board as a whole and the contribution of each individual Director;
- reviewed and assessed the size, composition and the required mix of skills of the Board and Board Committees;
- reviewed and assessed the character, experienced, integrity, competence and time commitment of each Director;
- review and assessed the performance of the Chief Financial Officer ("CFO");
- reviewed and recommended to the Board, the re-election and re-appointment of retiring Directors who will be retiring at the forthcoming AGM of the Company;
- assessed and evaluated the level of independence of Independent Directors;
- reviewed and assessed the term of office and performance of the AC and each of its members;
- assisted the Board in assessing the training needs of the Directors during the year;
- reviewed and deliberated on the Directors' Fee and Directors' remuneration;
- assessed financial literacy of the AC members;
- reviewed the retention of the Independent Director who has served the Company for more than nine (9) years; and
- review the Directors' Fit and Proper Policy.

The NRC is satisfied with the effectiveness of the Board and its Committees, including the contributions by each of the members based on the annual assessments conducted and affirmed by each of the members of the Board. The NRC is confident that each of the members of the Board and its Board Committees will continue to operate and contribute effectively.

Corporate Governance Overview Statement

(continued)

PRINCIPLE A- BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II - BOARD COMPOSITION (CONT'D)

1. Strengthen Board's Objectivity (cont'd)

1.1 Board Committees (cont'd)

c. Risk Management Committee ("RMC")

The RMC shall assist the Board in assessing and overseeing the Group's business risk profile. The assessments set out the results of the Group's business risk assessment and provide the Risk Management Plan for the Group. Actions and strategies adopted by the Group would be developed and executed by the management and reviewed by the AC and RMC.

The current members of the RMC are as follows:

Name of Directors	Designation
Datuk Yap Pak Leong (Chairman)	Senior Independent Non-Executive Director
Madam Agnes Soei-Tin Lamey	Non-Independent Non-Executive Director
Mr Michael@Radio bin Luban	Independent Non-Executive Director

Duties and Responsibilities

- assess and evaluate the Group's overall business risk management in accordance to the policy and strategy approved by the Board;
- deliberate and make recommendations to the Board on actions and strategies to be adopted by the Group; and
- oversee the implementation of the business risk management action plan approved by the Board;

Further details of the Risk Management Committee is set out in the Statement on Risk Management and Internal Control of this Annual Report.

d. Executive Committee ("Exco")

The prime function of the Exco is to assist the Board in, inter alia, developing strategic direction of the Group for Board's consideration, ensuring implementation of Board decisions and provision of directions to management in the implementation of short- and long-term business plans including overseeing the business affairs of the Group.

In addition, the sustainability of TWB is governed by Exco and to oversees the organisation's sustainability agenda in environmental, social and governance excellence. It is supported by the Management to manage sustainability strategically, including the integration of sustainability practices into the operations of TWB.

The current members of the Exco are as follows:

Name of Directors	Designation
Datuk Yap Pak Leong (Chairman)	Senior Independent Non-Executive Director
Madam Agnes Soei-Tin Lamey	Non-Independent Non-Executive Director
Datuk Pau Chiong Ung	CEO

In 2022, four (4) meetings were held to discharge its duties and responsibilities.

Corporate Governance Overview Statement

(continued)

PRINCIPLE A- BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II - BOARD COMPOSITION (CONT'D)

1. Strengthen Board's Objectivity (cont'd)

1.1 Board Committees (cont'd)

e. Investment Committee

The Investment Committee assists the Board in evaluating the viability of all new and potential investment or projects of the Group, which arise out of the ordinary course of business before recommending to the Board for approval.

The current members of the Investment Committee are as follows:

Name of Directors	Designation
Datuk Yap Pak Leong (Chairman)	Senior Independent Non-Executive Director
Madam Agnes Soei-Tin Lamey	Non-Independent Non-Executive Director
Loo Choo Hong*	Independent Non-Executive Director

* Appointed as a member of the Investment Committee with effective from 22 February 2023, in place of Dato Sri Tiong King Sing who resigned on 3 January 2023.

The Board receives periodic reports from the Board Committees and is constantly updated of their proceedings and deliberations. In cases where the Board Committees have no authority to decide on certain matters, the Board Committees will assess and examine the issue and subsequently provide their recommendations, which are highlighted in their respective reports for the Board's decisions. The ultimate responsibility for the final decision on the recommendations lies with the entire Board.

1.2 Board Composition

As at 31 December 2022, the Board consisted of six (6) members, comprising one (1) Managing Director, four (4) Independent Non-Executive Directors ("INED") and one (1) Non-Independent Non-Executive Director ("NINED"). With the resignation of Dato Sri Tiong King Sing as the Managing Director on 3 January 2023, the Board has five members comprising four (4) INED and one (1) NINED.

The present composition of the Board is in compliance with Paragraph 15.02 of the MMLR and the Code as more than half of its members are Independent Directors. The Board members have diverse backgrounds and experiences in various fields. Collectively, they bring a broad range of skills, experience and knowledge to direct and manage the Group's businesses.

The Board is satisfied that, through the annual performance appraisal of the Board, the Board Committees and individual directors, the current board composition represents a mix of knowledge, skills and experience required to discharge the Board's duties and responsibilities effectively.

A brief profile of each Director is presented on pages 11 to 13 of this Annual Report.

1.3 Board Balance and Independence

The composition of the Board is fundamental to its success in providing strong and effective leadership. The Board comprises a strong mix of experienced individuals with the majority being Independent Non-Executive Directors who offer external perspectives on the business and constructively challenge to the Executive Director(s), particularly in developing the Group's business strategies.

The presence of a majority of INED provides effective check and balance in the functioning of the Board to safeguard the interests of shareholders and all other stakeholders.

Corporate Governance Overview Statement

(continued)

PRINCIPLE A- BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II - BOARD COMPOSITION (CONT'D)

1. Strengthen Board's Objectivity (cont'd)

1.3 Board Balance and Independence (cont'd)

Independence is important for ensuring objectivity and fairness in board's decision making. All Independent Directors comply with the criteria of 'independent directors' as prescribed in MMLR.

The Board, through the NRC, assesses the independence of Independent Directors annually. The criteria for assessing the independence of an Independent Director include the relationship between the Independent Director and the Company and its involvement in any significant transaction with the Company.

The Board is satisfied with the level of independence demonstrated by the Independent Directors and their ability to act in the best interest of the Company and/or the Group as all of the Independent Directors have satisfactorily demonstrated that they are independent from Management and free from any business or other relationship with the Group that could materially affect or interfere with the exercise of objective and independent judgement to act in the best interest of the Group.

1.4 Tenure of Independent Directors

The Company had adopted the recommendation of the Code that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve the Board subject to the Director's re-designation as a NINED. The Board will seek shareholders' approval through a two-tier voting process, in the event that a Director, who has served in that capacity for more than nine (9) years, retains as an Independent Director.

The Company does not have tenure limits for Independent Directors and the Board is of the opinion that the ability of an Independent Director to exercise his/her independence and objective judgment in Board deliberations shall not be a function of his/ her length of service as an Independent Director.

With the amendment to MMLR of Bursa Securities to limits the tenure of an independent director in a listed issuer or any of its related corporations to not more than a cumulative period of 12 years from the date of his first appointment, all long serving independent directors must resign or be re-designated as non-independent directors by 1 June 2023.

Datuk Yap Pak Leong, who has served as an INED of the Company for a cumulative period more than 12 years, shall re-designate from INED to NINED at the conclusion of the 27th AGM of the Company.

Except the above, none of the INEDs have exceeded a cumulative term of nine (9) years as at the date of this report.

1.5 Board Diversity and Senior Management Team

The Board acknowledges the importance of diverse Board and Senior Management. The Group strictly adhered to the practice of non-discrimination of any form, whether based on race, age, religion and gender throughout the organisation, which including the selection of Board members.

The Board encourages a dynamic and diverse composition by nurturing suitable and potential candidates equipped with competency, skills, experience, character, time commitment, integrity and other qualities in meeting the future needs of the Company.

1.6 Board Gender Diversity

The Board acknowledges the importance of boardroom diversity and the recommendation of the Code pertaining to the establishment of a gender diversity policy.

The Board encourages and supports more women participation in the Company's decision-making positions whilst it continues to strive towards 30% women participation in the Board Composition. Currently out of the five (5) Directors, one (1) is woman.

Corporate Governance Overview Statement

(continued)

PRINCIPLE A- BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II - BOARD COMPOSITION (CONT'D)

1. Strengthen Board's Objectivity (cont'd)

1.7 Board Appointment Process

The Company has in place formal and transparent procedures for the appointment of new Directors and Senior Management. The Company strictly adhered to the practice of non-discrimination of any form, whether based on race, age, religion and gender throughout the organisation, which includes the selection of Board members. The Board encourages a dynamic and diverse composition by nurturing suitable and potential candidates equipped with competency, skills, experience, character, time commitment, integrity and other qualities in meeting the future needs of the Company.

As for the appointment of INED, the NRC evaluates the ability to discharge such responsibilities before making recommendation to the Board.

The Board has entrusted the NRC with the responsibility to review candidates for the Board and key Management positions and to determine remuneration packages for these appointments. The NRC is also entrusted to the nomination, selection, remuneration and succession policies for the Group.

Following the amendments made to the MMLR of Bursa Securities, the Board has in May 2022 adopted a Directors' Fit and Proper Policy which sets out the approach, guidelines and procedures to ensure that a formal, rigorous and transparent process is adhered to for the appointment, re-appointment and/or re-election of the Directors of the Group. The said policy is available on the Company's corporate website.

The NRC is looking into refreshing the composition of the Board in view of the proposed amendments to the MMLR of Bursa Securities which will take effect on 1 June 2023 whereby Directors whose services exceeded a cumulative period of 12 years will be re-designated as non-independent directors. The process of sourcing for suitable candidate(s) for appointment(s) to the Board has commenced and is ongoing.

1.8 Re-election of Directors

Any Director appointed during the year is required under the Company's Constitution to retire and seek re-election by the shareholders at the following AGM immediately after their appointment. The Constitution also require that one-third (1/3) of the Directors including the Managing Director retire by rotation and seek re-election at each AGM and that each Director shall submit himself/herself for re-election at least once in every three (3) years. All retiring Directors are eligible for re-election.

This provides an opportunity for shareholders to renew their mandates. The election of each Director is voted on separately. To assist shareholders to renew their decision, sufficient information such as personal profile, meetings attendance and the shareholdings of each Director standing for election are available in the Annual Report.

Pursuant to Clause 97 of the Company's Constitution, Datuk Yap Pak Leong and Madam Agnes Soei-Tin Lamey are subject to retirement by rotation at the following 27th AGM and they have expressed their willingness to seek for re-election at the 27th AGM.

1.9 Sustainable Leadership

The Board takes cognisance of the importance of improving the values affecting stakeholders, employees, society, and the environment towards the sustainability of the Group's business. The Board with consultation from management, oversees and evaluates the economic, environmental, social, and governance issues and any other external matters that may affect the development of the Group's business or the interests of the shareholders, ensuring that the Company's strategies promote sustainability.

The Group is fully committed to discharge its duty in curbing environmental concerns, ensuring safety and health of employees and consumers are safeguarded.

Corporate Governance Overview Statement

(continued)

PRINCIPLE A- BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II - BOARD COMPOSITION (CONT'D)

1. Strengthen Board's Objectivity (cont'd)

1.9 Sustainable Leadership (cont'd)

The Company recognises the importance of stakeholder engagement and engages with stakeholders through communication avenues such as dialogues, media engagement, general meetings, survey, feedback, annual, quarterly reports and announcements, and designated email allowing stakeholders to communicate their views and concerns to the Board and Management.

Aside from environmental and social sustainability practices, the Group has adopted the Code of Ethics and Conduct, the WP and the Anti-Bribery and Corruption Policy to uphold high standards of governance practice across the Group and exercises zero tolerance against all forms of bribery and corruption. The codes and policies are accessible to the Company's website.

2. Overall Board Effectiveness

2.1 Annual Evaluation

On annual basis, the relevant assessment and review forms / questionnaires in relation to the board evaluation will be circulated to all the Directors to complete in advance of the meeting of the NRC in order to collate the assessment results for the NRC's review.

The Board, through the NRC, had established criteria to ensure board composition and diversity with right mix of knowledge, skills and competency for which performance evaluation are to be based upon. The criteria adopted for the board's performance evaluation includes board mix and composition, directors' training, independence, quality of information, board proceedings, board's roles and responsibilities and the Chairman's roles and responsibilities. Annual board review was conducted by the NRC to assess and evaluate the board's effectiveness base on the above criteria during the financial year.

In addition, peer review of the knowledge and skill sets of fellow directors is required to be performed by each director based on evaluation criteria established, which includes integrity, professionalism, knowledge, performance and participation during board meetings, contribution and board relationship. Peer review of directors was conducted by the NRC during the financial year.

As for the performance evaluation of board committees, the Board assesses the performance of the AC and NRC based on the recommended evaluation criteria adopts from Corporate Governance Guide issued by Bursa Securities, which includes committees' composition, contribution to the board's decision making, expertise, appointment as well as timeliness and quality of communication and minutes. The NRC has concluded review of the performance of the board committees.

Based on the above assessments, the NRC was satisfied with the existing Board composition and was of the view that all Directors and Board Committees of the Company had discharged their responsibilities in a commendable manner and had performed competently and effectively. The Board is of the view that its present size and composition is optimal based on the Group's operations and that it reflects a fair mix of financial, technical and business experiences that are important to the stewardship of the Group.

The NRC also undertakes yearly evaluation of the performance of the CFO, whose remuneration is directly linked to performance, based on the score sheet. For this purpose, the performance evaluation for the year 2022 of the CFO was reviewed by the NRC on 22 February 2023.

Corporate Governance Overview Statement

(continued)

PRINCIPLE A- BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II - BOARD COMPOSITION (CONT'D)

2. Overall Board Effectiveness (cont'd)

2.2 Directors' Training

The Board fully supports the need for its members to continuously enhance their skills and knowledge to keep abreast with the developments in the economy, industry, technology and updates on regulations, amongst others to effectively carry out their duties and responsibilities as directors and to comply with continuous training as required by the MMLR.

There were also briefings by the External Auditors and the Internal Auditors and the Company Secretary on the relevant updates on statutory and regulatory requirements from time to time during the Board meetings.

During the financial year, the Directors had attended training courses, conferences and seminars conducted by various external professionals to enhance their knowledge and expertise, and the Board will continue to evaluate and determine the training needs of its Directors on an ongoing basis.

The training course, conferences and seminar attended by the Directors during the financial year were as follows:

No.	Continuing Education Programme Attended	Month Attended
1.	Wong Chong Kim ▪ CME Consultancy Sdn. Bhd. Ethics and Corporate Liability S17A MACC Act, Data & Cyber Risk and AMLA	September 2022
2.	Datuk Yap Pak Leong ▪ MIA Auditing of Construction Contracts & Property Development Activities ▪ MIA ISQM Manual-Policies and Procedures ▪ *MIA 2023 Budget Seminar (<i>deferred to March 2023</i>)	November 2022 November 2022 -
3.	Madam Agnes Soei-Tin Lamey ▪ MIA Comprehensive Tax Updates ▪ *MIA 2023 Budget Seminar (<i>deferred to April 2023</i>)	August 2022 -
4.	Mr Loo Choo Hong ▪ Introduction to Public Practice (E-Learning Module) ▪ MIA Public Practice Programme 2022 (Non-Audit) ▪ CTIM National Tax Conference 2022 ▪ Smart Focus ESG Awareness for Board of Directors ▪ Allinial Global Asia Pasific Regional Conference 2022 ▪ *MIA 2023 Budget Seminar (<i>deferred to March 2023</i>)	February 2022 February 2022 August 2022 August 2022 August 2022 -
5.	Mr Michael@Radio Bin Luban ▪ *MIA 2023 Budget Seminar (<i>deferred to March 2023</i>)	-
6.	Ms Yap Fook Fung (Alternate Director to Datuk Yap Pak Leong) ▪ *MIA 2023 Budget Seminar (<i>deferred to April 2023</i>)	-

* The MIA 2023 Budget Seminar scheduled on October 2022 and November 2022 was re-scheduled to March 2023 and April 2023 respectively.

The Company will continue to identify suitable training for the Directors to equip and update themselves with the necessary knowledge in discharging their duties and responsibilities as Directors.

The Directors are encouraged to attend briefing, conferences, forums, trade fairs (locally and internationally), seminars and training to keep abreast with the latest developments in the industry and to enhance their business acumen and professionalism in discharging their duties to the Group.

Corporate Governance Overview Statement

(continued)

PRINCIPLE A- BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART III - REMUNERATION

The Board has adopted a Remuneration Policy ("Policy") to support the Directors and key senior management in carrying out their responsibilities and fiduciary duties in steering the Group to achieve its long-term goals and enhance shareholders' value.

The Board's objective in this respect is to offer a competitive remuneration package in order to attract, motivate and retain persons of high caliber who will manage and drive the Company's success. The details of the policy is included in the Board Charter available on the Group's website.

The Executive Directors' remunerations are designed to link rewards to the Group's and individual's performances whilst the remunerations of the Non-Executive Directors are determined in accordance with their experience and the level of responsibilities assumed. The Directors' remunerations are in line with the market expectation and competition to retain and attract talents. The NRC shall ensure that the level of remuneration is sufficient to attract and retain Directors of the quality required to manage the business of the Group.

The NRC is entrusted with the responsibilities to make recommendations to the Board, the remuneration package for the Executive Directors. However, it is the ultimate responsibility of the entire Board to approve the remuneration of these Directors. Non-Executive Directors' remuneration will be decided by the Board as a whole with the Director concerned abstaining from deliberation and voting on decisions in respect of his individual remuneration.

The Directors' fee and/or their remuneration are/is recommended by the Board for the approval by shareholders of the Company at the AGM.

Other than the CEO, all Directors are paid a fixed fee and receive meeting allowance for each Board Meeting they attended. The Chairman is paid at higher fee as compared to other Board members in recognition of his additional responsibilities.

The details of the remuneration of the Directors of the Group and Company, paid and payable for the financial year ended 31 December 2022 are as follows:

	Fees and Allowances RM'000
Executive Directors	46.5
Non-Executive Directors	289.0
Total	335.5

	Director Fees RM'000	Meeting Allowances RM'000	Total RM'000
Mr Wong Chong Kim	45.0	12.5	57.5
Dato Sri Tiong King Sing*	40.5	6.0	46.5
Datuk Yap Pak Leong	41.5	15.5	57.0
Madam Agnes Soei-Tin Lamey	40.0	21.5	61.5
Mr Loo Choo Hong	40.0	15.0	55.0
Mr Michael @ Radio Bin Luban	40.0	10.5	50.5
Ms Yap Fook Fung (Alternate Director to Datuk Yap Pak Leong)	-	7.5	7.5
Total	247.0	88.5	335.5

* Resigned as Managing Director on 3 January 2023.

Corporate Governance Overview Statement

(continued)

PRINCIPLE A- BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART III - REMUNERATION (CONT'D)

The numbers of the Company's Directors with total remuneration fall within the successive bands are as follows:-

Range of remuneration	Number of Directors		
	Executive	*Non-Executive	*Total
Above RM50,000	-	5	5
Below RM50,000	1	-	1
Total	1	5	6

The number of top five (5) senior management whose remuneration (comprising salary, bonus, benefits in-kind and other emoluments) for the financial year ended 31 December 2022 within the successive bands of RM50,000 is as follows:

	Position	Basic Salaries, Bonus and Other Employee Benefit RM'000	Employer Contribution (EPF), SOCSO & EIS RM'000	Total RM'000
Datuk Pau Chiong Ung	Chief Executive Officer	561.0	67.2	628.2
William Joseph Jomiu	FMU Manager	134.8	17.2	152.0
Lee Yoke Wah	Corporate Services Manager	124.8	16.0	140.8
Lee Seng Choon	Camp & Plantation Manager	113.3	14.3	127.6
Suhaili Bin Sainan	Assistant FMU Manager	79.1	10.1	89.2
Total		1,013.0	124.8	1,137.80

The top five (5) senior management with total remuneration fall within the successive bands are as follows:-

Remuneration Band	Number of top five (5) senior management
RM50,001 to RM100,000	1
RM100,001 to RM200,000	3
RM200,001 to RM300,000	-
RM300,001 to RM400,000	-
RM400,000 to RM500,000	-
RM500,000 to RM600,000	1

Corporate Governance Overview Statement

(continued)

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I – AC

1. AC Composition and Chairman

The AC is relied upon by the Board to, amongst others, provide advice in the areas of financial reporting, external audit, internal control environment and internal audit process, review of related party transactions as well as conflict of interest situation.

The AC comprises three (3) members, and all members are Non-Executive Directors, with the majority of Independent Directors. The AC is chaired by an Independent Non-Executive Director, who is distinct from the Chairman of the Board and all members of the AC are financially literate. None of the members was a former key audit partner of the Company's external auditors.

The composition of the AC, including its roles and responsibilities as well as a summary of its activities carried out during financial year 2022, are set out in the AC Report on pages 58 to 62 of this Annual Report.

The AC has adopted a policy that requires a former key audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the AC and the said policy has been incorporated in the Terms of Reference of the AC.

2. Oversight and Assessment of the Suitability and Independence of External Auditors

The Board considered the suitability and independence of the External Auditors during the discussion of the Group Audit Plan for the financial year ended 31 December 2022. The factors that take into account including the adequacy of experience and resources of the firm and professional staff assigned to the audit and the level of non-audit services to be rendered by the External Auditors to the Group for the financial year under review.

The Board is aware of the potential conflict of interest situation that may arise if the Company's External Auditors are engaged to provide non-audit services to the Group. The External Auditors have reviewed the non-audit services provided to the Group during the year and that to the best of their knowledge, the non-audit services did not impair their independence. The Company also discloses fees received by the External Auditors for non-audit work for the financial year under review in Additional Disclosure Requirements.

On 22 February 2023, the AC had conducted an annual assessment of the timeliness, competence, audit quality and resource capacity of Messrs. Baker Tilly Monteiro Heng PLT in relation to the audit, the nature and extent of the non-audit services rendered and the appropriateness of the level of fees.

Based on the AC's annual assessment of the External Auditors, Messrs Baker Tilly Monteiro Heng PLT, the Board is satisfied with the independence, quality of service and adequacy of resources provided by the External Auditors in carrying out the annual audit for FY2022. In view thereof, the Board has recommended the re-appointment of the External Auditors for the approval of shareholders at the forthcoming AGM.

The AC had also obtained assurance confirming that the External Auditors are independent in accordance with the terms of all relevant professional and regulatory requirements.

3. Financial Reporting

The Board aims to present a balanced and meaningful assessment of the Group's position and prospects, primarily through the annual financial statements and the quarterly announcement of results.

Before the financial statements are drawn up, the Directors take the necessary steps to ensure that the Group had used all the applicable accounting policies and supported by reasonable and prudent judgements and estimates. All accounting standards which the Board considers to be applicable, have been followed, subject to any explanations and material departures disclosed in the notes to the financial statements.

Corporate Governance Overview Statement

(continued)

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

PART I – AC (CONT'D)

4. Financial Literacy of the AC

The AC currently comprised of members with professional experience in accounting, financial, business and economic environment. All members are financially literate and are able to read, interpret and understand the financial statements. The diversity in skills set coupled with their financial literacy gave the AC the ability to effectively discharge their roles and responsibilities.

5. Relationship with the auditors

The Board has established a transparent relationship with the Company's External Auditors and Internal Auditors via the AC who has explicit authority to communicate directly with them. The External Auditors confirmed to the AC of their independency at each financial year and during their presentation of relevant audit Memorandum.

The External Auditors are working closely with the Internal Auditors and Tax Consultants, without compromising their independence. Their liaison with the Internal Auditors is to achieve the main objective of avoiding duplication of efforts to maximise audit effectiveness and efficiency. The External Auditors will continue to review all Internal Audit reports and discuss findings with the Internal Auditors.

PART II – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

1. Risk Management and Internal Control Framework

The Board has the overall responsibility to ensure that sound and effective risk management and internal control systems are maintained, while Management is responsible for designing and implementing risk management and internal control systems to manage risks. Sound and effective systems of risk management and internal control are designed to identify and manage the risk of failure to achieve business objective.

The Board is responsible for the Group's risk management and internal control systems and for reviewing their effectiveness. The Risk Assessment Management Committee supports the Board in monitoring the Company risk exposures, the design and operating effectiveness of the underlying risk management and the internal control systems. Thereafter, the Risk Management Committee will report to the Board after due review of the effectiveness of the Group's risk management and internal control by the AC.

The risk management processes in identifying, evaluating and managing significant risks facing by the Company are embedded into the operating and business processes. These processes are undertaken by the CEO and Management in their course of work. Key matters covering the financial performance, operating, market, regulation and compliance, environment and etc. are reviewed and deliberated in the Business Risk Assessment Management Committee.

The Board has been integrating the risk issues into their decision-making process whilst maintaining the flexibility to lead the business of the Group through the ever-changing internal and external environments.

The Company continues to maintain and review its internal control procedures to ensure the protection of its assets and its shareholders' investment.

Details of the main features of the Company's risk management and internal controls framework are further elaborated in the AC Report and the Statement on Internal Control.

2. Internal Audit Function

The Board recognises the importance of good corporate governance and is committed to maintaining a sound system of internal controls and risk management. This includes the establishment of an appropriate control environment and risk management framework, processes and structures, and a continuous review of the adequacy and integrity of the said systems to safeguard shareholders' investment and the Group's assets.

The Statement on Risk Management and Internal Control set out on pages 53 to 57 of this Annual Report provides an overview of the state of internal controls within the Group.

Corporate Governance Overview Statement

(continued)

PRINCIPAL C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

PART I - COMMUNICATION WITH STAKEHOLDERS

The Company recognises the importance of prompt and timely dissemination of information to shareholders and investors in order for these stakeholders to be able to make informed investment decisions. Hence, the Company's website has incorporated an investor relations section which provides all relevant information on the Company and it is accessible by the public.

The Board and Management have at all time ensure timely dissemination of information on the Company's performance and other matters affecting shareholders' interests to shareholders and investors through appropriate announcement (where necessary), quarterly announcements, relevant circulars, press releases and distribution of annual reports.

The Company has identified Datuk Yap Pak Leong as the Senior Independent Non-Executive Director to whom concerns of shareholders and other stakeholders may be conveyed.

The Company is not categorised as a "Large Company" and hence, has not adopted integrated reporting based on a globally recognised framework.

PART II - CONDUCT OF GENERAL MEETING

The AGM is the principal forum for shareholders' dialogue, allows shareholders to review the Group's performance via the Company's annual report and pose questions to the Board for clarification.

All the Directors shall endeavour to present in person to engage directly with, and be accountable to the shareholders for their stewardship of the Company the AGM. During the AGM, the Board encourages shareholders' participation in deliberating resolutions being proposed or on the Group's operation in general.

In line with good corporate governance practices, the notice of the AGM was issued at least 28 days before the AGM.

The Company will circulate to shareholders the complete minutes of the general meeting detailing the meeting proceedings including issues or concerns raised by shareholders and responses by the Company no later than 30 business days after the completion of the general meeting.

KEY FOCUS AREA AND PRIORITIES ON CORPORATE GOVERNANCE

During the financial year under review, the Board, in addition to the above matters, has adopted a Directors' Fit and Proper Policy in line with Paragraph 15.01A of the MMLR of Bursa Securities to have a Fit and Proper Policy for the appointment and re-election of Directors of the Group.

On 23 February 2022, the Board reviewed and revised the Board Charter, Terms of Reference of the NRC and AC to align with the amendments of the MMLR of Bursa Securities and Code.

The Board reviewed and revised the Board performance evaluation form to incorporate Environmental, Social and Governance matters in line with the Code and the MMLR amendments on sustainability in February 2023.

Looking ahead to 2023, the priorities of the Board will be in the following areas:

- (1) Improving and implementing sustainability practices, policies and procedures to embrace the enhanced sustainability requirements and to be geared for the enhanced sustainability disclosures under the Enhanced Sustainability Reporting Framework issued by Bursa Securities and the amendments to the MMLR arising therefrom, which will be implemented in phases;
- (2) Continue working towards achieving high standards of corporate governance and leverage technology to broaden its channel of dissemination of information and enhance the quality of engagement with the shareholders; and

Corporate Governance Overview Statement

(continued)

KEY FOCUS AREA AND PRIORITIES ON CORPORATE GOVERNANCE (CONT'D)

Looking ahead to 2023, the priorities of the Board will be in the following areas: (cont'd)

- (3) To appoint additional independent director(s) as Board's succession plan in compliance with the limitation of tenure of Independent Directors of the MMLR.

This Corporate Governance Overview Statement was approved by the Board on 28 March 2023.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible in the preparation of the Annual Audited Financial Statements to give a true and fair view of the state of affairs, results and cash flows of the Company and of the Group at the end of the financial year.

In preparing the financial statements, the Directors will ensure that suitable accounting policies have been applied consistently, and that reasonable and prudent judgments and estimates have been made. All applicable approved accounting standards and provisions of the Companies Act 2016 have been complied with.

The Directors are also responsible for ensuring that proper accounting and other records are kept which disclose with reasonable accuracy, the financial position of the Company and of the Group and which enables them to ensure that the financial statements comply with the relevant statutory requirements.

The Directors have general responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities.

Statement on Risk Management and Internal Control

INTRODUCTION

The Statement on Risk Management and Internal Control of the Group is set by the Board of Directors of Timberwell Berhad's ("The Board") made in compliance with the Main Market Listing Requirements ("MMLR") of the Bursa Malaysia Securities Berhad ("Bursa Securities") and the Statement on Risk Management and Internal Control: Guidance for Directors of Public Listed Companies.

THE BOARD'S RESPONSIBILITY

The Board places importance on, and is committed to maintaining effective risk management practice and a sound system of internal control in the Group to ensure good corporate governance. The Board affirms its responsibility for reviewing the adequacy and integrity of the Group's system of internal control and management information systems, including systems for compliance with applicable laws, rules, directives, guidelines and risk management practices.

Notwithstanding, as with any internal control system, the Group's system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives. Therefore, the system of internal control can only provide reasonable but not absolute assurance against material misstatement or loss.

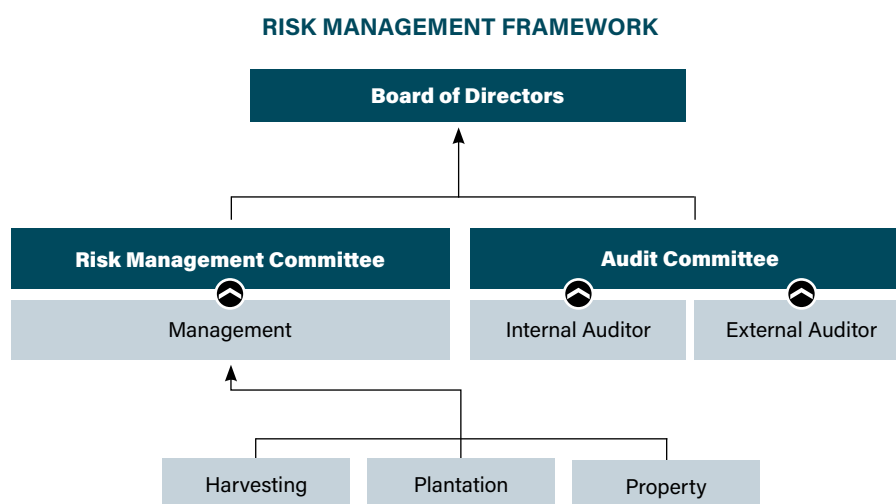
THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

RISK MANAGEMENT

The Board maintains continuous commitment in strengthening the Group's risk management framework and activities. Management has been entrusted to continuously monitor the principal risks of the Group that have been identified, evaluate existing controls and formulate the necessary action plans with their respective process owners. The Chief Executive Officer ("CEO") is tasked with the responsibility of continuous monitoring and reviewing of the strategic directions of the Group.

Periodic meetings are held to assess and monitor the Group's risk as well as discuss, deliberate and address matters associated with strategic, financial and operational facets of the Group.

The Risk Management Committee ("RMC") was established to oversee and assess the Group's overall business risk profile. The RMC evaluates and sets out the Group Risk Management Plan and ensure that the action and strategies adopted by the Group would be developed and executed by Management and reviewed by the Audit Committee and RMC.



Statement on Risk Management and Internal Control (continued)

THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONT'D)

RISK MANAGEMENT (CONT'D)

RMC is mainly responsible for the following:-

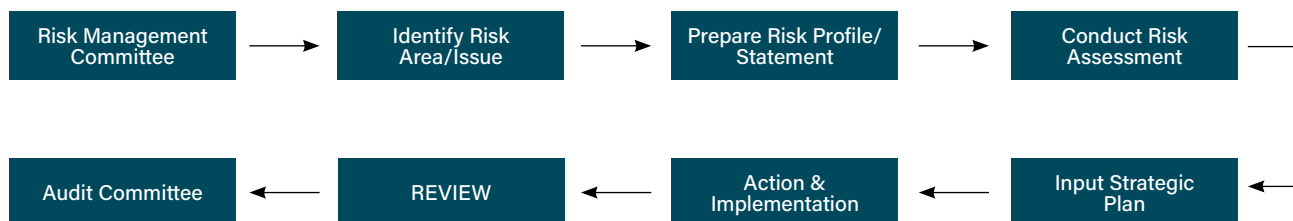
- assessing, improving and monitoring the Group Risk Management Framework ("RMF");
- evaluating and monitoring the overall risk profile;
- reviewing key business area and activities that are considered significant from a risk perspective; and
- providing guidance to Management in the development of appropriate and effective response strategies and contingency plans to manage or mitigate material risks that are in line with the nature of the identifiable risk.

Management (Each operation division) is responsible for:-

- implementing the RMF, policies and procedures on risk management and internal control; and
- the compliance risks and obligations are effectively managed on a timely manner.

External and Internal Auditors are to provide an independent and objective report on operational and management activities addressing of the possible level of risk assessed.

RISK MANAGEMENT PROCESS & OUTPUT



The principal risk areas and factors were identified, assessed and evaluated according to the risk management approach above.

The following are the principal risk areas/factors of the Group. These factors have a significant impact on the Group in terms of its results and strategic objectives, after considering likelihood and impact of the factor from both a financial and non-financial perspective.

No.	Key Areas	Key Factors	Impact/Effect	Level of Risk
1.	IMAGE <ul style="list-style-type: none"> • Current image, shareholders and management 	<ul style="list-style-type: none"> • Profitability and Sustainability • Corporate Social Responsibility 	<ul style="list-style-type: none"> • Effects of support from Banker and recruitment of good management staff and employees • Effects of support from the local communities 	<ul style="list-style-type: none"> • Medium • Low
2.	BUSINESS <ul style="list-style-type: none"> • Harvesting • Plantations • Properties • Others (Disposal of Fixed Assets) • Diversified Business Module 	<ul style="list-style-type: none"> • Contractors • Fair weather, soil suitability and weather condition, proper application of fertilizers. • Occupancy and maintenance • Under control and monitor • Over reliance on sole business module 	<ul style="list-style-type: none"> • Great Impact • Affect the profitability • Impairment loss • Impairment loss • Limited skills and knowledgeable resources resulting in possible loss of income in the future 	<ul style="list-style-type: none"> • Medium • High • Medium • Medium • High

Statement on Risk Management and Internal Control

(continued)

RISK MANAGEMENT PROCESS & OUTPUT (CONT'D)

No.	Key Areas	Key Factors	Impact/Effect	Level of Risk
3.	SHAREHOLDERS <ul style="list-style-type: none"> Major shareholders Shareholders expectation 	<ul style="list-style-type: none"> Financial position Dividend and profitability 	<ul style="list-style-type: none"> Liquidity and cash flow problem Loss of Shareholders' support 	<ul style="list-style-type: none"> Low Low
4.	FINANCIAL <ul style="list-style-type: none"> International Financial Reporting Standard and Malaysia Financial Reporting Standards Property, Plant and Equipment Financial Performance (Funding and Costing) Budget Transfer Pricing 	<ul style="list-style-type: none"> Compliance with accounting standard Control or monitor of assets movement Effective decision making & Efficient costing/performance Accuracy and comprehensive Tax compliance 	<ul style="list-style-type: none"> Suspended or reprimanded by MIA, MASB, Bursa Securities, Securities Commission ("SC"), Companies Commission of Malaysia (CCM") and possible penalties that maybe imposed. Loss of Assets Loss of credibility and funding Loss of credibility and funding Additional taxes and penalties imposed by the Tax Authority 	<ul style="list-style-type: none"> Medium Medium Low Medium Medium
5.	HUMAN CAPITAL <ul style="list-style-type: none"> Directors Key Management Forest Management Unit ("FMU") Harvesting Staffs Plantation Staffs Occupation Safety and Health Foreign Workers Minimum Wages COVID-19 	<ul style="list-style-type: none"> Ability and concern of the Company Competency and concern of the Company Devotion Competency Competency Safety procedure and awareness Levy and approval from Immigration Performance Health and safety 	<ul style="list-style-type: none"> Affect Company performance and Profitability Affect Company performance and Profitability Affect Company performance and Profitability Affect Company performance and Profitability Affect Company performance and Profitability Penalty for non-compliance & Company's performance Loss of workers Penalty for non-compliance Operation disruption, company performance and penalty for non-compliance 	<ul style="list-style-type: none"> Medium Medium Medium Medium Medium High Medium Medium Medium
6.	LICENCE & REGULATIONS <ul style="list-style-type: none"> Obligation & Compliance (Annual Working Plan ("AWP"), Plantation Development Plan ("PDP") & Forest Management Plan ("FMP") Malaysian Timber Certification Scheme ("MTCS") Bursa Securities (Listing Regulations) Securities Commission of Malaysia ("SC") Companies Commission of Malaysia ("CCM") Sabah Forestry Department ("SFD") Malaysian Anti-Corruption Commission ("MACC") 	<ul style="list-style-type: none"> Preparation and compliance Compliance Compliance Compliance Compliance Good working relationship with the authority Section 17A on Corporate Liability which takes effect in June 2020 and recommendation from Bursa Malaysia to strengthen the Governance of Listed Issuers to prevent Corruption, Misconduct, and Fraud 	<ul style="list-style-type: none"> Affect the FMU License Agreement Reduce profitability and performance Non-Compliance and possible penalty that maybe imposed Non-Compliance and possible penalty that maybe imposed Non-Compliance and possible penalty that maybe imposed Affect the FMU and the core business of the Company Non-Compliance and possible penalty that maybe imposed 	<ul style="list-style-type: none"> Medium Medium Low Low Low Significant Medium

Statement on Risk Management and Internal Control

(continued)

RISK MANAGEMENT PROCESS & OUTPUT (CONT'D)

No.	Key Areas	Key Factors	Impact/Effect	Level of Risk
7.	INDUSTRY & ECONOMIC (MALAYSIA & GLOBAL MARKET) <ul style="list-style-type: none"> Other FMU Holders Timber Association Sabah ("TAS") Timber Demand & Market Price Competition with Artificial Timber Replacement Sabah Timber Industry Association ("STIA") Anti-Logging of Tropical Rainforest by world NGOs Foreign Currency Exchange COVID-19 Pandemic (Globally) Russia-Ukraine War 	<ul style="list-style-type: none"> Mutual co-operation Devoted leaders Economic downturn or boom Competition Downstream production Raising of tariff Fluctuation of foreign currency, US dollar for sale of timber Economic downturn Raising of price of raw materials. In the long run, leading to economic crises 	<ul style="list-style-type: none"> Loss of market information Loss of market information Reduce profitability and performance Loss of market information Loss of Income Ban of import of tropical timber Impact on Ringgit, profit and cash flow from exchange of Ringgit to US Dollar. Reduced profitability and performance Reduce profitability 	<ul style="list-style-type: none"> Medium Low Medium Medium Low High Medium High Medium
8.	ENVIRONMENT <ul style="list-style-type: none"> Natural Disaster (Fire, Flood and Storm) Social Impact (3rd Party) Environmental Impact Assessment and Environmental Compliance Report Wildlife Risk 	<ul style="list-style-type: none"> Dry and wet season, full attention Encroachment goodwill policy Environmental mitigation measures Wildlife Mitigation Plan 	<ul style="list-style-type: none"> Loss of Income Penalty by the Authority Penalty by the Authority Destruction of young plants 	<ul style="list-style-type: none"> Medium Medium Medium Medium

During the financial year under review, the risk management profile and framework have been updated and circulated to the RMC members for review and discussion prior to the RMC recommended the same for the Board's approval.

Monitoring Mechanisms and Management Style

Scheduled periodic meetings of the Board, Executive Committee, Board Committees and Management represent the main platform by which the Group's performance and conduct are monitored. The daily running of the business is entrusted to the CEO and their respective management teams. Under the purview of the CEO, the heads of the respective departments of the Group are empowered with the responsibility of managing their respective operations.

The Board is responsible for setting the business direction and for overseeing the conduct of the Group's operations through its various Standing Committees and management reporting mechanisms. Through these mechanisms, the Board is informed of all major control issues pertaining to internal controls, regulatory compliance and risk taking.

Internal Audit Function

The Board recognises that effective monitoring on a continuous basis is a vital component of a sound internal control system. For 2022, the Group has outsourced its internal audit function to Messrs Lim Chong & Co., an independent professional services firm which reports to the Audit Committee on half-yearly basis at yearly cost of RM30,000.00. The Audit Committee acknowledges that an independent and adequately resourced internal audit function is required to provide assurance on the effectiveness of the system of the internal control in addressing the risks identified.

The internal auditor primarily acts as an assurance unit highlighting significant audit findings, areas for improvement, management comment on the audit findings and subsequently monitors the implementation of its recommended corrective actions.

Statement on Risk Management and Internal Control

(continued)

RISK MANAGEMENT PROCESS & OUTPUT (CONT'D)

Internal Audit Function (cont'd)

An internal audit is carried out based on the internal audit plan that was reviewed by the Audit Committee and approved by the Board. The internal audit approach examined, evaluated and ensured compliance with the Group's policies, procedures and system of controls. It has also evaluated the adequacy and effectiveness of the internal control system and assessed the consequences of any potential risks and suggested improvements required.

For the financial year under review, some weaknesses on internal control were identified. However, after due and careful inquiry and based on the information and assurance provided, the Board is satisfied that there were no material losses as a result of weaknesses in the system of internal control, that would require separate disclosure in Annual Report. Nevertheless, for areas requiring attention, measures have been and are being taken to ensure ongoing adequacy and effectiveness of internal controls and to safeguard shareholders' investments and the Group's assets.

Other Key Elements of the Group's System of Internal Control

The principal features of the Company's internal control structure are summarised as follows:

Board Meeting

The Board meets at least quarterly and has a formal agenda on matters for discussion. The Chairman leads the presentation of board papers and provides comprehensive explanation of pertinent issues. In arriving at any decision, on recommendation by the Standing Committees and Management, a thorough deliberation and discussion by the Board is a prerequisite. In addition, the Board is kept abreast on the Group's activities and its operation on quarterly basis by the Management.

Board Committees

There is a clear definition to the duties and responsibilities of the Board Committees. These include the Audit Committee, the Nomination and Remuneration Committee, Investment Committee, Executive Committee and RMC.

Organisational Structure and Responsibility Levels

Management is committed to the highest standard of business conduct and integrity to build the Group into a highly credible organisation and to maintain these standards in all aspects of the business to ensure fair and equitable treatment of all stakeholders. To achieve these objectives, the Group has instituted an appropriate organisational structure for planning, executing, controlling and monitoring business operations. Policy guidelines, procedures and authority limits are established for all companies within the Group, to ensure clear accountabilities and responsibilities for all business units.

Budget and Reporting

Comprehensive management reports are generated on a regular and consistent basis to facilitate the Board and Management to perform financial and operating reviews on the various operating units. The reviews encompass areas such as financial and non-financial key performance indicators, variances between budget and operating results and compliance with laws and regulations.

Assurance from Management

The Board has received assurance from the CEO that the function of the Group's risk management and internal control system for the financial under review, and up to the date of approval of this statement, are operating adequately and effectively in all material aspects, based on the risk management and internal control system adopted by the Group.

Review of Statement

Pursuant to Paragraph 15.23 of the MMLR, the External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in this Annual Report and has reported to the Board that nothing has come to their attention that caused them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control. This Statements was reviewed by AC and approved by the Board on 28 March 2023.

CONCLUSION

For the financial year ended 31 December 2022 and up to the date of approval of this statement, the Board is of the opinion that the risk management and internal control system currently in place is adequate and effective to safeguard the Group's interests and assets. For the coming year, the Board will continually assess the adequacy and effectiveness of the Group's system of internal control and to strengthen it, as and when necessary.

Report of Audit Committee

OBJECTIVE

The objective of the Audit Committee ("AC") is to assist the Board of Directors ("the Board") in fulfilling its fiduciary responsibilities relating to internal controls, financial and accounting records and policies as well as integrity in financial reporting practices of the Company and its subsidiaries ("the Group").

COMPOSITION AND MEETINGS ATTENDANCE

The composition of the AC and their respective attendance record of meetings during the financial year ended 31 December 2022 are as follows:

Name of Committee Members	Designation	Date of Appointment	Meeting Attendance
Loo Choo Hong (Chairman)	Independent Non-Executive Director	12/05/2017	5/5
Datuk Yap Pak Leong	Senior Independent Non-Executive Director	30/12/2004	5/5
Agnes Soei-Tin Lamey	Non-Independent Non-Executive Director	12/05/2017	5/5

All the members fulfill the provision of Paragraph 15.09(1)(c) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

TERMS OF REFERENCE

The detailed Terms of Reference of the AC is available on the corporate website of the Company at <http://timwell.com.my>.

ACTIVITIES OF AC

The AC met five (5) times during the financial year ended 31 December 2022 ("FYE 2022"). During the FYE 2022, the AC conducted the following activities to discharge its functions and duties:-

1. Financial Results

- Reviewed the unaudited quarterly results for announcements to Bursa Securities before recommending the same for approval by the Board upon being satisfied that it had complied with applicable approved Malaysia Financial Reporting Standards ("MFRS") issued by the Malaysian Accounting Standards Board ("MASB"), MMLR and other relevant regulatory requirements.
- Reviewed and discussed the audited financial statements with the External Auditors and the Management. Having been satisfied that the financial statements and reports complied with the relevant accounting standards and other applicable laws and regulations, the ACs recommended the same for the Boards' consideration and approvals.
- Reviewed the application of major accounting policies and practices to ensure that the Group's financial statements had been prepared in compliance with approved accounting standards, and that the Group had adhered to all legal and regulatory requirements.

2. External Audit

- Reviewed and approved the External Auditor's audit plan, audit approach and reporting requirements prior to the commencement of audit works for the year under review.
- Reviewed and discussed the External Auditors' audit report and areas of concern highlighted in the management letter (i.e. revenue recognition, going concern, property, plant and equipment, recoverability of receivables and proper measurement and recognition of liabilities), including Management's response to the concerns raised by the External Auditors, and evaluation of the system of internal controls.
- Met with the External Auditors without the presence of Management twice to provide the External Auditors with an avenue to express any concerns they may have.
- Reviewed and assessed the performance, suitability, objectivity and independence of the External Auditors and recommended to the Board for re-appointment and the audit fee thereof and also approved the provision of non-audit services by the External Auditors.

Report of Audit Committee

(continued)

ACTIVITIES OF AC (CONT'D)

3. Internal Audit

- Reviewed and approved the annual internal audit plan to ensure adequate scope and comprehensive coverage of the Group's activities.
- Reviewed the internal audit reports which highlighted major findings, agreed management action plan, and management's responses thereto. Discussed with the Management and Internal Auditors on the actions to be taken to improve the system of internal controls based on improvement opportunities identified in the internal audit reports.
- Ensured that the Internal Auditors monitored the implementation of the management's action plan on outstanding issues through follow-up reports to ensure that all audit findings were adequately dealt with by Management.
- Reviewed the adequacy of the scope, functions, resources and competency of the internal audit functions, and the results of the internal audit process to ensure the appropriate actions are taken on the recommendations of the internal audit function.
- Reviewed and assessed the performance of the Internal Auditors in terms of their technical competencies and the manpower resources sufficiency and they have the necessary authority to carry out their work.

4. Related Party Transactions

- Reviewed the system for identifying, monitoring and disclosing related party transactions for the Group and ensured that related party transactions are not made to the detriment of minority shareholders of the Company.
- The report of Related Party Transactions of the Group was tabled and reviewed by the AC at every quarterly meeting.

5. Annual Reporting

- Reviewed and recommended the AC Report and Statement on Risk Management and Internal Control for inclusion in the Annual Report for the financial year ended 31 December 2022 to the Board for approval. This Statement was approved by the Board on 28 March 2023.

GROUP EXTERNAL AUDIT

1. DUTIES AND RESPONSIBILITIES

The External Auditors' objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue auditor report that includes their opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standard on Auditing ("ISA") will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Paragraph 40(b) of ISA 700 explains that the shaded material below can be located in an Appendix to the auditor's report. Paragraph 40(c) explains that when law, regulation or national auditing standards expressly permit, reference can be made to a website of an appropriate authority that contains the description of the auditor's responsibilities, rather than including this material in the auditor's report, provided that the description on the website addresses, and is not inconsistent with, the description of the auditor's responsibilities below.

As a part of an audit in accordance with ISAs, the External Auditors exercise professional judgment and maintain professional skepticism throughout the audit. They also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Report of Audit Committee

(continued)

GROUP EXTERNAL AUDIT (CONT'D)

1. DUTIES AND RESPONSIBILITIES (CONT'D)

As a part of an audit in accordance with ISAs, the External Auditors exercise professional judgment and maintain professional skepticism throughout the audit. They also: (cont'd)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If the External Auditor conclude that a material uncertainty exists, they are required to draw attention in their auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify their opinion. The External Auditors' conclusions are based on the audit evidence obtained up to the date of their auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

The External Auditors communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that they identify during their audit.

They also provide those charged with governance with a statement that they have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on their independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, the External Auditors determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. The External Auditors describe these matters in their auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, they determine that a matter should not be communicated in their report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

2. SUITABILITY AND INDEPENDENCE

The AC had considered the suitability and independence of the external auditors, Messrs. Baker Tilly Monteiro Heng PLT during their discussion of the Group Audit Plan for the financial year ended 31 December 2022. The factors that taken into account including the adequacy of experience and resources of the firm and professional staff assigned to the audit and the level of non-audit services to be rendered by the external auditors to the Group for the financial year under review.

The Board is aware of the potential conflict of interest situation that may arise if the Company's External Auditors are engaged to provide non-audit services to the Group. The External Auditors have reviewed the non-audit services provided to the Group during the year and that to the best of their knowledge, the non-audit services did not impair their independence. The Company had also disclosed fees received by the External Auditors for non-audit work for the financial year under review in Additional Disclosure Requirements.

Report of Audit Committee

(continued)

GROUP EXTERNAL AUDIT (CONT'D)

2. SUITABILITY AND INDEPENDENCE (CONT'D)

The fee incurred for audit and non-audit services by the External Auditors for the financial year ended 31 December 2022 were as follows:-

Group	Audit Fees (RM)	Non-Audit Fess (RM)
Messrs. Baker Tilly Monteiro Heng PLT	195,000	5,000

3. SUMMARIES OF ACTIVITIES

The External Auditors will attend and brief the AC on matters relating to external audit. During the financial year, the External Auditors attended three (3) AC meetings to provide review of the financial position of the Group and updates on the Financial Reporting Standards and relevant regulatory requirements, recognises the implication of those changes and complies with the requirements.

Time was also set aside for the External Auditors to have private discussions with the AC in the absence of Management. This is the forum at which the External Auditors highlight, among other matters, any concern they may have on the compliance aspect of the financial statements. During the financial year, two (2) private sessions were held between the AC and the External Auditors.

The Directors consider that in preparing the financial statements, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgment and estimates. All accounting standards which the Board considers to be applicable have been adopted, subject to any explanation for material departures disclosed in the notes to the financial statements.

GROUP INTERNAL AUDIT

1. DUTIES AND RESPONSIBILITIES

The basic understanding of the internal auditors' role is one of fundamental "checks and balances" for sound corporate governance. A robust and objective internal auditor with the technical skills and knowledge in accordance to Institute of Internal Auditors (IIA) to identify problems with risk control and forms an opinion on the adequacy and effectiveness of systems of risk management and internal control.

The internal auditor, on the other hand, seeks to advise Management on whether its operations have sound systems of risk management and internal controls.

As a part of an audit function, the internal auditor also:

- Identifies, assesses, and mitigates risks that can affect a business area or processes.
- Evaluates and recommends improvements of the Group and Company's internal control.
- Supports the Risk Management by monitoring risks and internal controls through technical competency for the management and the AC.
- Assesses and makes appropriate recommendations for improvement to the governance process.

Report of Audit Committee

(continued)

GROUP INTERNAL AUDIT (CONT'D)

2. SUMMARY OF ACTIVITIES

The internal audit function was outsourced and carried out by an independent firm, Messrs. Lim Chong & Co., to assist the AC in discharging its duties and responsibilities.

Messrs. Lim Chong & Co. provides independent and objective assurance on areas of operations reviewed, and advice on best practices that will improve and add value to the Group. The internal audit activities are aligned to the strategic plan/objectives of the Company.

During the financial year, Internal Auditors had conducted the following audits as per the approved internal audit plan:-

- a) Follow up Audit Review on the Process of Plantations.
- b) Internal Audit Review on the Group's policies and procedures over the Process of Purchases and payables & Group's Policies and Procedures over the Timber Harvesting.

The fee incurred for internal audit function of the Group for the financial year ended 31 December 2022 amounted to RM30,000.00.

ANNUAL PERFORMANCE ASSESSMENT

During the financial year, the Board, through the Nomination and Remuneration Committee had reviewed the term of office and assessed the performance of the AC on 22 February 2023. The Board was satisfied that the AC and its members have has discharged their duties in accordance with the AC's Terms of Reference.

Additional Disclosure Requirements

1. CORPORATE PROPOSAL AND UTILISATION OF PROCEEDS

The Company did not carry out any corporate proposals nor utilise proceeds derived from the corporate proposals during the financial year.

2. AUDIT AND NON-AUDIT FEES

For the financial year ended 31 December 2022, the amounts of audit and non-audit fees paid or payable by the Company and the Group to the external auditors are as follows:-

	Company (RM'000)	Group (RM'000)
Audit fees	182	195
Non-audit fees	5	5
Total	187	200

3. PROFIT FORECAST AND PROFIT GUARANTEE

The Company did not issue any profit forecast and profit guarantee for the financial year.

4. MATERIAL CONTRACTS

There were no material contracts of the Company, involving Directors' and major shareholders' interests, entered into since the end of the previous financial year or still subsisting at the end of the financial year under review.

5. VARIATION IN RESULTS

There was no variance of 10% or more between the results for the financial year under review and the audited results previously announced.

Financial Statement

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TIMBERWELL BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding, forest management, harvesting and trading of timber. The principal activities of its subsidiaries include integrated timber activities.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year, net of tax	<u>10,229</u>	<u>2,726</u>
Attributable to:		
Owners of the Company	7,159	2,726
Non-controlling interests	<u>3,070</u>	<u>-</u>
	<u>10,229</u>	<u>2,726</u>

DIVIDEND

The amount of dividend declared and paid by the Company since the end of the previous financial year were as follows:

	RM'000
Single tier interim dividend of RM0.02 per ordinary share in respect of the financial year ended 31 December 2022, paid on 11 October 2022	<u>1,781</u>

The directors do not recommend the payment of any final dividend in respect of the financial year ended 31 December 2022.

RESERVES OR PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

TIMBERWELL BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (continued)

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render it necessary to write off any bad debts or render the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and
- (ii) any contingent liabilities in respect of the Group or of the Company which has arisen since the end of the financial year.

In the opinion of the directors, no contingent or other liability of the Group or of the Company has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

TIMBERWELL BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (continued)

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

- (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS' REMUNERATION

The auditors' remuneration of the Group and the Company during the financial year are RM200,000 and RM186,875 respectively.

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

ISSUE OF SHARES AND DEBENTURES

During the financial year, no new issue of shares or debentures were made by the Company.

DIRECTORS

The directors in office during the financial year and during the period from the end of the financial year to the date of this report are:

Datuk Yap Pak Leong*
Agnes Soei-Tin Lamey
Loo Choo Hong
Michael @ Radio Bin Luban
Wong Chong Kim
Yap Fook Fung
Dato Sri Tiong King Sing

(Alternate director to Datuk Yap Pak Leong)
(Resigned on 3 January 2023)

* Directors of the Company and certain subsidiaries

Other than as stated above, the name of the director of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of this report is:

Datuk Pau Chiong Ung

TIMBERWELL BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (continued)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

Interests in the Company

	Number of ordinary shares			At 31.12.2022
	At 1.1.2022	Bought	Sold	
Direct interests:				
Agnes Soei-Tin Lamey	6,017,740	20,000	-	6,037,740
Datuk Yap Pak Leong	4,986,300	-	-	4,986,300
Yap Fook Fung	1,240,000	-	-	1,240,000
Indirect interests:				
Datuk Yap Pak Leong*	1,372,000	-	-	1,372,000
Wong Chong Kim^	5,042,432	-	-	5,042,432
Yap Fook Fung#	9,000	-	-	9,000

* Shares held through children

^ Shares held through spouse and company in which the director has substantial financial interests

Shares held through spouse

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in ordinary shares of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as shown below) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

The directors' benefits of the Group and of the Company are as follows:

	Group RM'000	Company RM'000
Directors of the Company		
- Fees	248	245
- Other emoluments	89	89
	<u>337</u>	<u>334</u>

TIMBERWELL BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (continued)

DIRECTORS' BENEFITS (continued)

Neither during, nor at the end of the financial year, was the Company a party to any arrangements where the object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, the total amount of indemnity insurance coverage and insurance premium paid for the directors and officers of the Company were RM5,000,000 and RM13,000 respectively.

SUBSIDIARIES

The details of the Company's subsidiaries are as follows:

Name of company	Principal place of business/ Country of incorporation	Ownership interest %	Principal activities
Held directly:			
Timberwell Plywood Sdn. Bhd.	Malaysia	59	Integrated timber activities
Timberwell Properties Sdn. Bhd.	Malaysia	100	Dormant
Timberwell Plantations Sdn. Bhd.	Malaysia	100	Dormant

The available auditor's reports on the accounts of the subsidiaries did not contain any qualification.

AUDITORS


The auditors, Messrs Baker Tilly Monteiro Heng PLT, have expressed their willingness to continue in office.

Registration No. 199601014835 (387185-W)

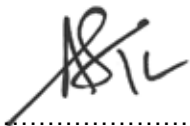
TIMBERWELL BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (continued)

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors.



.....
DATUK YAP PAK LEONG
Director



.....
AGNES SOEI-TIN LAMEY
Director

Date: 28 March 2023

TIMBERWELL BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

		Group		Company	
		2022	2021	2022	2021
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	12,258	12,685	8,458	8,463
Investment properties	6	18,402	10,636	-	-
Biological assets	7	29,650	29,500	29,650	29,500
Investment in subsidiaries	8	-	-	7,165	16,886
Intangible assets	9	8,339	8,451	8,339	8,451
Other receivable	10	583	590	583	590
Total non-current assets		69,232	61,862	54,195	63,890
Current assets					
Inventories	11	2,669	1,612	2,669	1,612
Trade and other receivables	10	5,942	1,699	5,865	1,691
Current tax assets		78	-	78	-
Other investment	12	1,541	2,010	1,541	2,010
Cash and short-term deposits	13	1,698	3,723	1,568	3,401
Total current assets		11,928	9,044	11,721	8,714
TOTAL ASSETS		81,160	70,906	65,916	72,604

TIMBERWELL BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022 (continued)

		Group		Company	
		2022	2021	2022	2021
	Note	RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	14	98,677	98,677	98,677	98,677
Revaluation reserve	15	7,886	7,886	939	939
Accumulated losses		(43,075)	(48,453)	(48,566)	(49,511)
		63,488	58,110	51,050	50,105
Non-controlling interests		2,758	(312)	-	-
TOTAL EQUITY		66,246	57,798	51,050	50,105
Non-current liabilities					
Borrowings	16	335	211	335	211
Deferred tax liabilities	17	7,881	7,799	7,881	7,799
Total non-current liabilities		8,216	8,010	8,216	8,010
Current liabilities					
Borrowings	16	178	134	178	134
Trade and other payables	18	6,520	4,862	6,472	14,253
Current tax liabilities		-	102	-	102
Total current liabilities		6,698	5,098	6,650	14,489
TOTAL LIABILITIES		14,914	13,108	14,866	22,499
TOTAL EQUITY AND LIABILITIES		81,160	70,906	65,916	72,604

The accompanying notes form an integral part of these financial statements.

TIMBERWELL BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

		Group		Company	
		2022	2021	2022	2021
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	19	26,964	30,901	26,964	30,901
Cost of sales		<u>(19,303)</u>	<u>(23,025)</u>	<u>(19,303)</u>	<u>(23,025)</u>
Gross profit		7,661	7,876	7,661	7,876
Other income	20	8,445	4,702	384	4,456
Administrative expenses		(4,040)	(3,880)	(3,477)	(3,326)
Net reversal of impairment loss on financial instrument		5	2	-	-
Other expenses		<u>(820)</u>	<u>(409)</u>	<u>(820)</u>	<u>(176)</u>
Operating profit		11,251	8,291	3,748	8,830
Finance costs	21	<u>(27)</u>	<u>(78)</u>	<u>(27)</u>	<u>(78)</u>
Profit before tax	22	11,224	8,213	3,721	8,752
Income tax expense	24	<u>(995)</u>	<u>(2,224)</u>	<u>(995)</u>	<u>(2,224)</u>
Profit for the financial year, representing total comprehensive income for the financial year		<u>10,229</u>	<u>5,989</u>	<u>2,726</u>	<u>6,528</u>

TIMBERWELL BERHAD
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (continued)

		Group		Company	
		2022	2021	2022	2021
	Note	RM'000	RM'000	RM'000	RM'000
Profit attributable to:					
Owners of the Company		7,159	6,212	2,726	6,528
Non-controlling interests		3,070	(223)	-	-
		<u>10,229</u>	<u>5,989</u>	<u>2,726</u>	<u>6,528</u>
Total comprehensive income attributable to:					
Owners of the Company		7,159	6,212	2,726	6,528
Non-controlling interests		3,070	(223)	-	-
		<u>10,229</u>	<u>5,989</u>	<u>2,726</u>	<u>6,528</u>
Earnings per ordinary share attributable to owners of the Company					
- basic and diluted, earnings per ordinary share (sen)	25	<u>8.04</u>	<u>6.98</u>		

The accompanying notes form an integral part of these financial statements.

Registration No. 199601014835 (387185-W)

TIMBERWELL BERHAD
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**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

Group	Note	<----- Attributable to owners of the Company ----->					Total equity RM'000
		Share capital RM'000	Revaluation reserve RM'000	Accumulated losses RM'000	Sub-total RM'000	Non-controlling interests RM'000	
At 1 January 2021		98,677	7,886	(54,665)	51,898	(89)	51,809
Total comprehensive income/(loss) for the financial year		-	-	6,212	6,212	(223)	5,989
Profit/(Loss) for the financial year, representing total comprehensive income/(loss)							
At 31 December 2021		98,677	7,886	(48,453)	58,110	(312)	57,798
Total comprehensive income for the financial year		-	-	7,159	7,159	3,070	10,229
Profit for the financial year, representing total comprehensive income							
Transaction with owners							
Dividend paid on shares, representing total transaction with owners	26	-	-	(1,781)	(1,781)	-	(1,781)
At 31 December 2022		98,677	7,886	(43,075)	63,488	2,758	66,246

TIMBERWELL BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (continued)

Company	Note	<----- Attributable to owners of the Company ----->			
		Share capital RM'000	Revaluation reserve RM'000	Accumulated losses RM'000	Total equity RM'000
At 1 January 2021		98,677	939	(56,039)	43,577
Total comprehensive income for the financial year					
Profit for the financial year, representing total comprehensive income		-	-	6,528	6,528
At 31 December 2021		98,677	939	(49,511)	50,105
Total comprehensive income for the financial year					
Profit for the financial year, representing total comprehensive income		-	-	2,726	2,726
Transaction with owners					
Dividend paid on shares, representing total transaction with owners	26	-	-	(1,781)	(1,781)
At 31 December 2022		98,677	939	(48,566)	51,050

The accompanying notes form an integral part of these financial statements.

TIMBERWELL BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		Group		Company	
		2022	2021	2022	2021
	Note	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities:					
Profit before tax		11,224	8,213	3,721	8,752
Adjustments for:					
Amortisation of intangible assets	9	112	112	112	112
Depreciation of property, plant and equipment	5	1,074	964	652	543
Fair value gain on other investment		(29)	(9)	(29)	(9)
Fair value loss/(gain) on biological assets	7	720	(4,016)	720	(4,016)
Fair value (gain)/loss on investment properties	6	(7,766)	270	-	-
Fair value loss on other receivable measured at amortised cost		100	128	100	128
Loss on lease modification		-	7	-	7
Interest expense		27	78	27	78
Interest income		(94)	(123)	(94)	(123)
Impairment losses on investment in subsidiaries		-	-	-	36
Net reversal of impairment loss on other receivable	10	(5)	(2)	-	-
Property, plant and equipment written off		-	4	-	4
Waiver of debt		-	(294)	-	(294)
Operating profit before changes in working capital		5,363	5,332	5,209	5,218
Changes in working capital:					
Inventories		(1,057)	(868)	(1,057)	(868)
Receivables		(4,331)	1,734	(4,267)	1,670
Payables		1,658	(505)	1,654	(501)
Net cash from operations		1,633	5,693	1,539	5,519
Interest received		92	123	92	123
Interest paid		(9)	(68)	(9)	(68)
Income tax paid		(1,093)	(989)	(1,093)	(989)
Net cash from operating activities		623	4,759	529	4,585

TIMBERWELL BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (continued)

	Group		Company	
	2022	2021	2022	2021
Note	RM'000	RM'000	RM'000	RM'000
Cash flows from investing activities:				
Addition of biological assets	(870)	(664)	(870)	(664)
Repayments from subsidiaries	-	-	300	99
Withdrawal/(Placement) of short-term fund	500	(2,001)	500	(2,001)
Purchase of property, plant and equipment	(a) (313)	(2)	(313)	(2)
Net cash used in investing activities	(683)	(2,667)	(383)	(2,568)
Cash flows from financing activities:				
(b) Dividend paid	(1,781)	-	(1,781)	-
Interest paid	(18)	(10)	(18)	(10)
Payment of lease liabilities	(78)	(64)	(78)	(64)
Repayment of hire purchase	(88)	(60)	(88)	(60)
Repayment to subsidiaries	-	-	(14)	(48)
Net cash used in financing activities	(1,965)	(134)	(1,979)	(182)
Net (decrease)/increase in cash and cash equivalents	(2,025)	1,958	(1,833)	1,835
Cash and cash equivalents at the beginning of the financial year	3,723	1,765	3,401	1,566
Cash and cash equivalents at the end of the financial year	1,698	3,723	1,568	3,401

(a) Purchase of property, plant and equipment

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Purchase of property, plant and equipment	647	2	647	2
Financed by way of hire purchase arrangements	(334)	-	(334)	-
Cash payments on purchase of property, plant and equipment	313	2	313	2

TIMBERWELL BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (continued)

(b) Reconciliation of changes in liabilities arising from financing activities are as follows:

			<----- Non-cash ----->		
	1 January 2022 RM'000	Cash flows RM'000	Acquisition RM'000	Capital reduction RM'000	31 December 2022 RM'000
Group					
Lease liabilities	249	(78)	-	-	171
Hire purchase payables	96	(88)	334	-	342
	<u>345</u>	<u>(166)</u>	<u>334</u>	<u>-</u>	<u>513</u>
Company					
Lease liabilities	249	(78)	-	-	171
Hire purchase payables	96	(88)	334	-	342
Amounts owing to subsidiaries	9,475	(14)	-	(9,421)	40
	<u>9,820</u>	<u>(180)</u>	<u>334</u>	<u>(9,421)</u>	<u>553</u>

			<----- Non-cash ----->		
	1 January 2021 RM'000	Cash flows RM'000	Lease modification RM'000	Reversal of loans that are part of net investments RM'000	31 December 2021 RM'000
Group					
Lease liabilities	123	(64)	190	-	249
Hire purchase payables	156	(60)	-	-	96
	<u>279</u>	<u>(124)</u>	<u>190</u>	<u>-</u>	<u>345</u>
Company					
Lease liabilities	123	(64)	190	-	249
Hire purchase payables	156	(60)	-	-	96
Amounts owing to subsidiaries	13,523	(48)	-	(4,000)	9,475
	<u>13,802</u>	<u>(172)</u>	<u>190</u>	<u>(4,000)</u>	<u>9,820</u>

(c) Total cash outflows for leases

During the financial year, the Group and the Company had total cash outflows for leases of RM86,976 (2021: RM77,604) respectively.

The accompanying notes form an integral part of these financial statements.

TIMBERWELL BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Timberwell Berhad (“the Company”) is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office and the principal place of business of the Company are located at 2nd Floor, Wisma BSN Sabah, Jalan Kemajuan Karamunsing, 88000 Kota Kinabalu, Sabah, Malaysia.

The principal activities of the Company are investment holding, forest management, harvesting and trading of timber. The principal activities of its subsidiaries are disclosed in Note 8 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 28 March 2023.

2. BASIS OF PREPARATION

2.1. Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), the International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

2.2 Adoption of amendments/improvements to MFRSs

The Group and the Company have adopted the following amendments/improvements to MFRSs for the current financial year:

Amendments/Improvements to MFRSs

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 3	Business Combinations
MFRS 9	Financial Instruments
MFRS 116	Property, Plant and Equipment
MFRS 137	Provision, Contingent Liabilities and Contingent Assets
MFRS 141	Agriculture

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company and did not result in significant changes to the Group's and the Company's existing accounting policies.

TIMBERWELL BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION (continued)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
<u>New MFRS</u>		
MFRS 17	Insurance Contracts	1 January 2023
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2023 [#]
MFRS 3	Business Combinations	1 January 2023 [#]
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023 [#]
MFRS 7	Financial Instruments: Disclosures	1 January 2023 [#]
MFRS 9	Financial Instruments	1 January 2023 [#]
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023 [#]
MFRS 16	Leases	1 January 2024
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023/ 1 January 2024
MFRS 107	Statement of Cash Flows	1 January 2023 [#]
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 112	Income Taxes	1 January 2023
MFRS 116	Property, Plant and Equipment	1 January 2023 [#]
MFRS 119	Employee Benefits	1 January 2023 [#]
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023 [#]
MFRS 132	Financial Instruments: Presentation	1 January 2023 [#]
MFRS 136	Impairment of Assets	1 January 2023 [#]
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2023 [#]
MFRS 138	Intangible Assets	1 January 2023 [#]
MFRS 140	Investment Property	1 January 2023 [#]

[#] Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

TIMBERWELL BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION (continued)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (continued)

- 2.3.1** The Group and the Company plan to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs are summarised below.

Amendments to MFRS 16 Leases

The amendments clarify how an entity should subsequently measure the leaseback liability that arise in a sale and leaseback transaction. Although MFRS 16 includes requirements on how to account for a sale and leaseback at the date the transaction takes place, it has not specified how to measure the sale and leaseback transaction when reporting after that date.

The amendments add subsequent measurement requirements for the right-of-use assets and lease liability arising from a sale and leaseback transaction by clarifying that a seller-lessee in a sale and leaseback transaction shall apply paragraphs 29 to 35 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 to the lease liability arising from the leaseback. The amendments will not change the accounting for leases other than those arising in a sale and leaseback transaction.

Amendments to MFRS 101 Presentation of Financial Statements

The amendments include specifying that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period; clarifying that classification of liability is unaffected by the likelihood of the entity to exercise its right to defer settlement of the liability for at least twelve months after the reporting period; clarifying how lending conditions affect classification of a liability; and clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

In another amendments, an entity is required to disclose its material accounting policy information rather than significant accounting policies. The amendments, amongst others, also include examples of circumstances in which an entity is likely to consider an accounting policy information to be material to its financial statements. To support this amendments, MFRS Practice Statement 2 was also amended to provide guidance on how to apply the concept of materiality to accounting policy information disclosures. The guidance and examples provided in the MFRS Practice Statement 2 highlight the need to focus on entity-specific information and demonstrate how the four-step materiality process can address standardised (or boilerplate) information and duplication of requirements of MFRSs in the accounting policy information disclosures.

The latest amendments to MFRS 101 clarify how conditions with which an entity must comply within 12 months after the reporting period affect the classification of a liability. As such, the amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require an entity to disclose information about these covenants in the notes to the financial statements.

TIMBERWELL BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION (continued)

2.3 New MFRS, and amendments/improvements to MFRSs that have been issued, but yet to be effective (continued)

2.3.1 The Group and the Company plan to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs are summarised below. (continued)

Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors

The amendments revise the definition of accounting estimates to clarify how an entity should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because the changes in accounting estimates are applied prospectively to transactions, other events, or conditions from the date of that change, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

2.3.2 The Group and the Company are currently assessing the impact of initial application of the above applicable amendments/improvements to MFRSs. Nevertheless, the Group and the Company expect that the initial application is unlikely to have material financial impacts to the current period and prior period financial statements of the Group and of the Company.

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate (“the functional currency”). The consolidated financial statements are presented in Ringgit Malaysia (“RM”), which is also the Company’s functional currency, and has been rounded to the nearest thousand, unless otherwise stated.

2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3 to the financial statements.

TIMBERWELL BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

(a) Subsidiaries and business combination

Subsidiaries are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss at the acquisition date.

TIMBERWELL BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

(a) Subsidiaries and business combination (continued)

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, a joint venture, an available-for-sale financial asset or a held for trading financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

(b) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

TIMBERWELL BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

(c) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries are measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.12(b).

Contributions to subsidiaries are amounts for which the settlement is neither planned nor likely to occur in the foreseeable future is, in substance, considered as part of the Company's investment in the subsidiaries.

3.3 Translation of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities at the exchange rates prevailing at the transaction dates.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

TIMBERWELL BERHAD
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NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Financial instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contract provisions of the financial instrument.

Except for the trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15 *Revenue from Contracts with Customers*.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract; it is a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

(a) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

(i) Financial assets

For the purposes of subsequent measurement, financial assets are classified in two categories:

- Financial assets at amortised cost
- Financial assets at fair value through profit or loss

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

The Group and the Company reclassify financial assets when and only when their business models for managing those assets change.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Financial instruments (continued)

(a) Subsequent measurement (continued)

The Group and the Company categorise the financial instruments as follows:
(continued)

(i) Financial assets (continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Company classify their debt instruments is as follow:

▪ **Amortised cost**

Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment is in accordance with Note 3.12(a). Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

▪ **Fair value through profit or loss ("FVPL")**

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in the profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Financial instruments (continued)

(a) Subsequent measurement (continued)

The Group and the Company categorise the financial instruments as follows:
(continued)

(ii) Financial liabilities

The Group and the Company classify their financial liabilities at amortised cost.

Subsequent to initial recognition, financial liabilities are measured at amortised cost using effective interest method. Gains and losses are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

(b) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company commit themselves to purchase or sell an asset).

Trade date accounting refers to:

- (i) the recognition of an asset to be received and the liability to pay for it on the trade date; and
- (ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Generally, interest does not start to accrue on the asset and corresponding liability until the settlement date when title passes.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Financial instruments (continued)

(c) Derecognition

A financial asset or a part of it is derecognised when, and only when:

- (i) the contractual rights to receive cash flows from the financial asset expire; or
- (ii) the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

The Group and the Company evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(d) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment (other than buildings, plant and machineries and motor vehicles) are measured at cost less accumulated depreciation and accumulated impairment losses. The policy for the recognition and measurement of impairment losses in accordance with Note 3.12(b).

Buildings, plant and machineries and motor vehicles are measured at fair value, based on valuations by external independent valuers, less accumulated depreciation and any accumulated impairment losses recognised after the date of revaluation. Valuations are performed with sufficient regularity to ensure that the fair value of the buildings does not differ materially from the carrying amount. Any accumulated depreciation as at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

A revaluation surplus is recognised in other comprehensive income and credited to the revaluation reserve. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset.

(b) Depreciation

Depreciation is charged to profit or loss (unless it is included in the carrying amount of another assets) on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives.

Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates of depreciation used for this purpose are:

Buildings	2.63% - 10%
Plant and machineries	6.67% - 10%
Motor vehicles	20%
Road and bridges	2% - 6.67%
Office equipments	10%
Office renovation	10%
Furniture and fittings	10%
Nursery	10%

Road consists of costs for the construction of mainline roads, such as clearing and grading, are amortised over the remaining unexpired period of the forest management unit licence.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Property, plant and equipment (continued)

(b) Depreciation (continued)

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at end of the reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(c) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group or the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group and the Company are obligated to incur when the asset is acquired, if applicable.

(d) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the assets is recognised in profit or loss. The revaluation reserve included in equity is transferred directly to retained earnings on retirement or disposal of the assets.

3.6 Leases

(a) Definition of lease

At inception of a contract, the Group and the Company assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assess whether:

- the contract involves the use of an identified asset;
- the Group and the Company have the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group and the Company have the right to direct the use of the asset.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Leases (continued)

(b) Lessee accounting

At the lease commencement date, the Group and the Company recognise a right-of-use asset and a lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The Group and the Company present right-of-use assets in Note 5 and lease liabilities in Note 16.

Right-of-use asset

The right-of-use asset is initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the Group and the Company expect to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b).

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group and the Company use their incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Leases (continued)

(b) Lessee accounting (continued)

Lease liability (continued)

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The Group and the Company remeasure the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group and the Company have elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Short-term leases and leases of low value assets

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value asset. The Group and the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(c) Lessor accounting

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statements of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair values of investment properties are recognised in profit or loss for the period in which they arise.

Cost includes purchase price and any directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property. The cost of a self-constructed investment property includes the cost of material, direct labour and any other direct attributable costs.

An investment property is derecognised on its disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gains and losses arising from derecognition of the asset is recognised in the profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property carried at fair value to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, any difference arising on the date of change in use between the carrying amount of the item immediately prior to the transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment.

3.8 Biological assets

Biological assets are measured at fair value less costs to sell, based on market prices of logs. Market prices are obtained from observable market prices (where available), contracted prices or estimated future prices. The costs to sell include the incremental selling costs, including royalty payable to authority and estimated costs of transport to market. Changes in fair value of biological assets are recognised in profit or loss.

In measuring the fair value of biological assets, various management estimates and judgements are required. Estimates and judgements in determining the fair value of biological assets relate to the market prices, discount rate, and estimated yield.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Intangible assets

Intangible assets are stated at cost which comprises the initial expenditure incurred on land clearing, new planting, enrichment planting, silvicultural treatments, upkeep and maintenance of the sustainable forest management concession. The expenditure is being amortised over the remaining unexpired period of the forest management unit licence.

3.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost basis and comprises the production or conversion costs and incidentals incurred in bringing the inventories to their present location and condition. The cost of conversion includes cost directly related to the units of production, and a proportion of fixed production overheads based on normal capacity of the production facilities.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

3.11 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3.12 Impairment of assets

(a) Impairment of financial assets

Financial assets measured at amortised cost will be subject to the impairment requirement in MFRS 9 which is related to the accounting for expected credit losses on the financial assets. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12-month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Impairment of assets (continued)

(a) Impairment of financial assets (continued)

For trade receivables, the Group and the Company apply the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information.

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group and the Company consider a financial asset to be in default when:

- the debtor is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Impairment of assets (continued)

(a) Impairment of financial assets (continued)

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the issuer or the debtor;
- a breach of contract, such as a default of past due event;
- the lender(s) of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

The amount of impairment losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedure for recovery of amounts due.

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories, investment properties measured at fair value and biological assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs").

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Impairment of assets (continued)

(b) Impairment of non-financial assets (continued)

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced to its recoverable amount.

Impairment losses are recognised in profit or loss, except for assets that were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3.13 Share capital

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3.14 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Employee benefits

(a) Short-term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group and the Company.

(b) Defined contribution plan

As required by law, the Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

3.16 Revenue and other income

(a) Sales of goods

The Group and the Company recognise revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services.

Revenue recognition of the Group and the Company are applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer).

Revenue from sale of goods are recognised at a point in time when control of the products has been transferred, being when the customer accepts the delivery of the goods.

A receivable is recognised when the customer accepts the delivery of the goods as the consideration is unconditional other than the passage of time before the payment is due.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Revenue and other income (continued)

(a) Sales of goods (continued)

The Group and the Company measure revenue from sale of goods or service at its transaction price, being the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, the Group and the Company use the expected value method by estimating the sum of probability-weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method the Group and the Company expect to better predict the amount of consideration to which it is entitled.

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the stand-alone selling price is not directly observable, the Group and the Company estimate it by using the costs plus margin approach.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Group and the Company have assessed the type of modification and accounted for as either creates a separate new contract, terminates the existing contract and creation of a new contract; or forms a part of the existing contracts.

(b) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(c) Rental income

Rental income is recognised on a straight-line basis over the term of the lease.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Borrowing costs

Borrowing costs are interests and other costs that the Group and the Company incur in connection with borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3.18 Income tax

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

(a) Current tax

Current tax is the expected taxes payable or receivable on the taxable income or loss for the financial year, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

(b) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

TIMBERWELL BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 Income tax (continued)

(b) Deferred tax (continued)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Where investment properties are carried at fair value in accordance with the accounting policy as disclosed in Note 3.7, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within the business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

(c) Sales and services tax

Revenue, expenses and assets are recognised net of the amount of sales and services tax except:

- where the sales and services tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales and services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

TIMBERWELL BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.20 Operating segments

The Group has identified that it operates predominantly in one business segment in Malaysia and it does not have other nature of product or services.

3.21 Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

TIMBERWELL BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.22 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

- (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- (b) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the statements of financial position.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity that have the most significant effect on the Group's and the Company's financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Group's and the Company's financial statements within the next financial year are disclosed as follows:

(a) Valuation of biological assets

Biological assets of the Group and of the Company are reported at fair value, with changes in fair values being recognised in profit or loss. The Group and the Company estimated the fair value of the biological assets based on information provided and the market valuation performed by an external independent valuer. Judgement is exercised by the directors in determining the appropriate valuation methods and the key assumptions used in the valuation. The carrying amount of biological assets as at the reporting date is disclosed in Note 7.

(b) Fair value of investment properties

The Group's accounting policy is to carry its investment properties at fair value, with changes in fair values being recognised in profit or loss. The Group is to estimate the fair value of the investment properties based on information provided and the market valuation performed by an external independent valuer. Significant judgement is required to be exercised by the directors in determining the appropriate valuation methods and the key assumptions used in the valuation. The carrying amount of investment properties as at the reporting date is disclosed in Note 6.

TIMBERWELL BERHAD
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NOTES TO THE FINANCIAL STATEMENTS (continued)

5. PROPERTY, PLANT AND EQUIPMENT

Group	Plant and		Motor Road and		Office		Furniture		Nursery		Right-of-use		Total
	Buildings	machineries	vehicles	bridges	equipments	renovation	and fittings		RM'000	RM'000	assets	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000	RM'000	RM'000	RM'000
2022													
At cost/valuation													
At 1 January 2022	457	5,886	760	10,873	180	56	96		170	432			18,910
Additions	-	507	114	-	26	-	-		-	-			647
At 31 December 2022	457	6,393	874	10,873	206	56	96		170	432			19,557
Accumulated depreciation													
At 1 January 2022	34	984	214	4,377	89	56	95		170	206			6,225
Depreciation charge for the financial year	46	524	154	259	17	-	-		-	74			1,074
At 31 December 2022	80	1,508	368	4,636	106	56	95		170	280			7,299
Carrying amount													
At 31 December 2022	377	4,885	506	6,237	100	-	1		-	152			12,258

TIMBERWELL BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Buildings RM'000	Plant and machineries		Motor vehicles	Road and bridges	Office equipments	Office renovation and fittings	Furniture	Nursery	Right-of-use assets		Total RM'000
		RM'000	RM'000							RM'000	RM'000	
2021												
At cost/valuation												
- As previously reported	457	5,634	690	10,873	198	56	96	170	580	18,754	-	
- Reclassification	-	252	70	-	-	-	-	-	(322)	-		
Restated balance at 1 January 2021	457	5,886	760	10,873	198	56	96	170	258	18,754		
Additions	-	-	-	-	2	-	-	-	-	2		
Lease modification	-	-	-	-	-	-	-	-	174	174		
Written off	-	-	-	-	(20)	-	-	-	-	(20)		
At 31 December 2021	457	5,886	760	10,873	180	56	96	170	432	18,910		
Accumulated depreciation												
- As previously reported	17	477	98	4,118	88	56	95	170	167	5,286	-	
- Reclassification	-	17	9	-	-	-	-	-	(26)	-		
Restated balance at 1 January 2021	17	494	107	4,118	88	56	95	170	141	5,286		
Depreciation charge for the financial year	17	490	107	259	17	-	-	-	74	964		
Lease modification	-	-	-	-	-	-	-	-	(9)	(9)		
Written off	-	-	-	-	(16)	-	-	-	-	(16)		
At 31 December 2021	34	984	214	4,377	89	56	95	170	206	6,225		
Carrying amount												
At 31 December 2021	423	4,902	546	6,496	91	-	1	-	226	12,685		

TIMBERWELL BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Buildings RM'000	Plant and machineries	Motor vehicles	Road and bridges	Office equipments	Office renovation	Furniture and fittings	Nursery	Right-of-use assets	Total RM'000
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
2022										
At cost/valuation										
At 1 January 2022	457	860	723	10,873	179	56	89	170	432	13,839
Additions	-	507	114	-	26	-	-	-	-	647
At 31 December 2022	457	1,367	837	10,873	205	56	89	170	432	14,486
Accumulated depreciation										
At 1 January 2022	34	150	206	4,377	89	56	88	170	206	5,376
Depreciation charge for the financial year	45	107	150	259	17	-	-	-	74	652
At 31 December 2022	79	257	356	4,636	106	56	88	170	280	6,028
Carrying amount										
At 31 December 2022	378	1,110	481	6,237	99	-	1	-	152	8,458

TIMBERWELL BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Buildings RM'000	Plant and machineries RM'000	Motor vehicles RM'000	Road and bridges RM'000	Office equipments		Office renovation and fittings		Nursery RM'000	Right-of-use assets		Total RM'000
					RM'000	RM'000	RM'000	RM'000		RM'000	RM'000	
2021												
At cost/valuation												
- As previously reported	457	608	653	10,873	197	56	89	170	580	13,683	-	
- Reclassification	-	252	70	-	-	-	-	-	(322)	-	-	
Restated balance at 1 January 2021	457	860	723	10,873	197	56	89	170	258	13,683	-	
Additions	-	-	-	-	2	-	-	-	-	2	-	
Lease modification	-	-	-	-	-	-	-	-	174	174	-	
Written off	-	-	-	-	(20)	-	-	-	-	(20)	-	
At 31 December 2021	457	860	723	10,873	179	56	89	170	432	13,839	-	
Accumulated depreciation												
- As previously reported	17	60	94	4,118	88	56	88	170	167	4,858	-	
- Reclassification	-	17	9	-	-	-	-	-	(26)	-	-	
Restated balance at 1 January 2021	17	77	103	4,118	88	56	88	170	141	4,858	-	
Depreciation charge for the financial year	17	73	103	259	17	-	-	-	74	543	(9)	
Lease modification	-	-	-	-	-	-	-	-	(9)	(9)	(16)	
Written off	-	-	-	-	(16)	-	-	-	-	-	-	
At 31 December 2021	34	150	206	4,377	89	56	88	170	206	5,376	-	
Carrying amount												
At 31 December 2021	423	710	517	6,496	90	-	1	-	226	8,463	-	

TIMBERWELL BERHAD

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NOTES TO THE FINANCIAL STATEMENTS (continued)

5. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) Assets pledge as security

Plant and machineries and motor vehicles with carrying amount of RM512,000 and RM108,157 (2021: RM218,400 and RM Nil) respectively have been pledged as security for hire purchase arrangement as disclosed in Note 16(b).

(b) Right-of-use assets

The Group and the Company lease buildings.

Information about leases for which the Group and the Company are lessees is presented below:

	Group and Company
	Buildings
	RM'000
	At cost
Carrying amount	
At 1 January 2021	117
Depreciation	(74)
Lease modification	183
Reclassification	-
	<hr/>
At 31 December 2021	226
Additions	-
Depreciation	(74)
	<hr/>
At 31 December 2022	<u>152</u>

The Group and the Company lease buildings for their office space and operation site. The leases for office space and operation site generally have lease term between 4 to 6 years.

TIMBERWELL BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. PROPERTY, PLANT AND EQUIPMENT (continued)

(c) Fair value information

Fair value of buildings, plant and machineries and motor vehicles are categorised as Level 3. Level 3 fair value is based on the cost approach determined by external independent valuer, Messrs Smiths Gore Sabah, a member of the Board of Valuers, Appraisers and Estate Agents Malaysia with appropriate recognised professional qualifications. The most significant input into this valuation approach is the remaining useful life of the assets.

There are no Level 1 or Level 2 property, plant and equipment or transfers between Level 1 and Level 2 during the financial years ended 31 December 2022 and 31 December 2021.

In estimating the fair value of the buildings, plant and machineries and motor vehicles, the highest and best use of the buildings, plant and machineries and motor vehicles are their current use.

Had the revalued buildings, plant and machineries and motor vehicles been carried at historical cost less accumulated depreciation, the net carrying amount of the buildings, plant and machineries and motor vehicles that would have been included in the financial statements of the Group and the Company are as follows:

	2022	2021
	RM'000	RM'000
Group		
Buildings	56	76
Plant and machineries	318	434
Motor vehicles	-	41
	<u>374</u>	<u>551</u>
Company		
Buildings	56	76
Plant and machineries	312	392
Motor vehicles	-	41
	<u>368</u>	<u>509</u>

TIMBERWELL BERHAD
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NOTES TO THE FINANCIAL STATEMENTS (continued)

6. INVESTMENT PROPERTIES

Group	Leasehold land RM'000	Buildings RM'000	Total RM'000
At fair value:			
At 1 January 2021	4,408	6,498	10,906
Fair value gain/(loss) on investment properties (Note 22)	<u>146</u>	<u>(416)</u>	<u>(270)</u>
At 31 December 2021	4,554	6,082	10,636
Fair value gain/(loss) on investment properties (Note 20)	<u>8,046</u>	<u>(280)</u>	<u>7,766</u>
At 31 December 2022	<u>12,600</u>	<u>5,802</u>	<u>18,402</u>

The following are recognised in profit or loss in respect of investment properties:

	Group 2022 RM'000	2021 RM'000
Rental income	252	180
Direct operating expenses		
- Income generating investment properties	<u>36</u>	<u>28</u>

(a) Assets pledged as security

Leasehold land and buildings have been pledged as security for banking facilities granted to the Company.

(b) Fair value information

Fair value of investment properties is categorised as Level 3. The Group estimated the fair value of the investment properties based on information provided and the market valuation performed by an external independent valuer, Messrs Smiths Gore Sabah, a member of the Board of Valuers, Appraisers and Estate Agents Malaysia with appropriate recognised professional qualification. Level 3 fair value is based on the depreciated replacement cost method. The valuation approach commences by assessing the present replacement cost of the assets new and then deducting a sum for depreciation for age, disrepair and obsolescence.

The valuer is engaged on a yearly basis. Changes in Level 3 fair values are analysed by the Group every year. There has been no change to the valuation technique during the financial year.

There are no Level 1 and Level 2 investment properties or transfers between Level 1 and Level 2 during the financial years ended 31 December 2022 and 31 December 2021.

TIMBERWELL BERHAD
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NOTES TO THE FINANCIAL STATEMENTS (continued)

6. INVESTMENT PROPERTIES (continued)

(b) Fair value information (continued)

Highest and best use

In estimating the fair value of the investment properties, the highest and best use of the properties is their current use.

7. BIOLOGICAL ASSETS

	Group and Company	
	2022	2021
	RM'000	RM'000
At fair value:		
At 1 January	29,500	24,820
Additions	870	664
Changes in fair value of biological assets	(720)	4,016
At 31 December	<u>29,650</u>	<u>29,500</u>

Biological assets represent the forest planting expenditures incurred on the development of the Group's and the Company's Sustainable Forest Management Project under a Sustainable Forest Management Licence Agreement with the Sabah State Government over an area of 45,659 hectares (2021: 45,659 hectares) in the Lingkabau Forest Reserve in Sabah for 100 years since 1997.

Fair value information

The fair value measurements for the planted trees have been categorised as Level 3 fair value based on the inputs to the valuation techniques used.

TIMBERWELL BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. BIOLOGICAL ASSETS (continued)

Level 3 fair value

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation model.

Description	Valuation technique	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Planted trees	Discounted cash flows	(i) Log selling price per m3 RM470 (2021: RM450)	The higher the selling price, the higher the fair value
		(ii) Discount rate of 12% (2021: 12%)	The higher the discount rate, the lower the fair value
		(iii) Estimated yield per hectare of wood/timber (m3/ha) ranging from 43 to 111 (2021: 43 to 111)	The higher the yield rate, the higher the fair value

Valuation processes applied by the Group and the Company

The Group and the Company estimated the fair value of the biological assets based on information provided and the market valuation performed by an external independent valuer, Messrs Smiths Gore Sabah, a member of the Board of Valuers, Appraisers and Estate Agents Malaysia with appropriate recognised professional qualification. The valuer is engaged on a yearly basis. Changes in Level 3 fair values are analysed by the Group and the Company every year. There has been no change to the valuation technique during the financial year.

Highest and best use

In estimating the fair value of the biological assets, the highest and best use of the biological assets is their current use.

8. INVESTMENT IN SUBSIDIARIES

	Company	
	2022	2021
	RM'000	RM'000
Unquoted shares - at cost	39,911	50,328
Loans that are part of net investments	15,320	15,620
	55,231	65,948
Less: Accumulated impairment losses	(48,066)	(49,062)
	7,165	16,886

TIMBERWELL BERHAD
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NOTES TO THE FINANCIAL STATEMENTS (continued)

8. INVESTMENT IN SUBSIDIARIES (continued)

Loans that are part of net investments represent amount owing by a subsidiary which is non-trade in nature, unsecured and non-interest bearing. The settlement of the amount is neither planned nor likely to occur in the foreseeable future as it is the intention of the Company to treat these amounts as long-term source of capital to the subsidiary. As this amount is, in substance, a part of the Company's net investment in the subsidiary, it is stated at cost less accumulated impairment loss, if any.

Details of the subsidiaries are as follows:

Name of company	Principal place of business/ Country of incorporation	Ownership interest		Principal activities
		2022 %	2021 %	
Held directly:				
Timberwell Plywood Sdn. Bhd.	Malaysia	59	59	Integrated timber activities
Timberwell Properties Sdn. Bhd.	Malaysia	100	100	Dormant
Timberwell Plantations Sdn. Bhd.	Malaysia	100	100	Dormant

(a) Non-controlling interests ("NCI") in a subsidiary

The financial information of the Group's and the Company's subsidiary that have non-controlling interests are as follows:

	Timberwell Plywood Sdn. Bhd.	
	2022 RM'000	2021 RM'000
NCI percentage of ownership interest and voting interest	41%	41%
Carrying amount of NCI	2,758	(312)
Profit/(Loss) allocated to NCI	3,070	(223)

TIMBERWELL BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. INVESTMENT IN SUBSIDIARIES (continued)

(b) Summarised financial information of NCI

The summarised financial information (before intra-group elimination) of the Group's and the Company's subsidiary that have NCI are as follows: '

	Timberwell Plywood Sdn. Bhd.	
	2022	2021
	RM'000	RM'000
Summarised statement of financial position		
Non-current assets	22,025	14,680
Current assets	203	325
Current liabilities	(74)	(72)
	<u>22,154</u>	<u>14,933</u>
Net assets	22,154	14,933
Loans that are part of investment	(15,320)	(15,620)
	<u>6,834</u>	<u>(687)</u>
Summarised statement of comprehensive income		
Revenue	-	-
	<u>7,521</u>	<u>(547)</u>
Profit/(Loss) for the financial year	7,521	(547)
Total comprehensive income/(loss) for the financial year	<u>7,521</u>	<u>(547)</u>
Summarised cash flow information		
Cash flows from operating activities	109	206
Cash flows from investing activities	-	24
Cash flows used in financing activities	(300)	(103)
Net (decrease)/increase in cash and cash equivalents	<u>(191)</u>	<u>127</u>

TIMBERWELL BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. INTANGIBLE ASSETS

	Group and Company	
	2022	2021
	RM'000	RM'000
Cost		
At 1 January/31 December	10,411	10,411
Accumulated amortisation		
1 January	1,960	1,848
Amortisation charged during the financial year	112	112
31 December	2,072	1,960
Carrying amount		
31 December	8,339	8,451

The amortisation of intangible assets of the Group and the Company is an amount of RM111,722 (2021: RM111,722) included in administrative expenses in the statements of comprehensive income.

TIMBERWELL BERHAD
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NOTES TO THE FINANCIAL STATEMENTS (continued)

10. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
Non-current:					
Non-trade					
Other receivable	(a)	583	590	583	590
Current:					
Trade					
Trade receivables	(b)	4,451	94	4,451	94
Non-trade					
Other receivables		1,530	1,651	1,235	1,420
Less: Allowance for impairment loss	(c)	(226)	(231)	-	-
		1,304	1,420	1,235	1,420
Refundable deposits		152	149	144	141
Prepayments		35	36	35	36
		1,491	1,605	1,414	1,597
Total trade and other receivables (current)		5,942	1,699	5,865	1,691
Total trade and other receivables (non-current and current)		6,525	2,289	6,448	2,281

TIMBERWELL BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. TRADE AND OTHER RECEIVABLES (continued)

- (a) Long term other receivable is measured at amortised cost at imputed interest rate at 12.65% (2021: 12.23%) per annum.
- (b) Trade receivables are non-interest bearing and normal credit terms offered by the Group and the Company ranging from 30 to 120 days (2021: 30 to 60 days) from the date of invoices. Other credit terms are assessed and approved on a case by case basis.
- (c) Non-trade receivables

Receivables that are impaired

The Group's other receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of other receivables are as follows:

	Group	
	2022	2021
	RM'000	RM'000
Other receivables		
At 1 January	231	233
Reversal of impairment loss	(5)	(2)
At 31 December	<u>226</u>	<u>231</u>

- (d) The information about the credit exposures are disclosed in Note 27(b)(i).

11. INVENTORIES

	Group and Company	
	2022	2021
	RM'000	RM'000
At cost:		
Raw materials	2,652	1,225
Finished goods	<u>17</u>	<u>387</u>
	<u>2,669</u>	<u>1,612</u>
Recognised in profit or loss:		
Inventories recognised as cost of sales	<u>19,303</u>	<u>23,025</u>

TIMBERWELL BERHAD
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NOTES TO THE FINANCIAL STATEMENTS (continued)

12. OTHER INVESTMENT

	Group and Company	
	2022	2021
	RM'000	RM'000
Financial assets at fair value through profit or loss ("FVPL")		
At fair value:		
Short-term fund	1,541	2,010

13. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	2022	2021	2022	2021
Note	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	1,282	3,312	1,152	2,990
Short-term deposits placed with licensed bank	(a) 416	411	416	411
	1,698	3,723	1,568	3,401

- (a) Deposits placed with licensed banks of the Group and of the Company bear effective interest rates ranging from 1% to 1.75% (2021: 1% to 1.15%) per annum with a maturity of three months or less.

14. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		<----- Amounts ----->	
	2022	2021	2022	2021
	Units	Units	RM'000	RM'000
Issued and fully paid up (no par value):				
At beginning/end of the financial year	89,050,667	89,050,667	98,677	98,677

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

15. REVALUATION RESERVE

Revaluation reserve includes the cumulative net change, net of deferred tax effects, arising from the revaluation of leasehold land, buildings, plant and machineries and motor vehicles above their cost.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

16. BORROWINGS

		Group and Company	
		2022	2021
	Note	RM'000	RM'000
Non-current:			
Lease liabilities	(a)	97	171
Hire purchase payables	(b)	238	40
		<u>335</u>	<u>211</u>
Current:			
Lease liabilities	(a)	74	78
Hire purchase payables	(b)	104	56
		<u>178</u>	<u>134</u>
		<u>513</u>	<u>345</u>
Total borrowings:			
Lease liabilities	(a)	171	249
Hire purchase payables	(b)	342	96
		<u>513</u>	<u>345</u>

(a) Lease liabilities

The average interest rate implicit in the leases is 4.50% (2021: 4.50%).

Future minimum lease payments under finance leases together with the present value of net minimum lease payments are as follows:

		Group and Company	
		2022	2021
		RM'000	RM'000
Minimum lease payments:			
Not later than one year		87	87
Later than one year and not later than 5 years		92	180
		<u>179</u>	<u>267</u>
Less: Future finance charges		<u>(8)</u>	<u>(18)</u>
Present value of minimum lease payments		<u>171</u>	<u>249</u>
Present value of minimum lease payments:			
Not later than one year		74	78
Later than one year and not later than 5 years		97	171
		<u>171</u>	<u>249</u>
Less: Amount due within 12 months		<u>(74)</u>	<u>(78)</u>
Amount due after 12 months		<u>97</u>	<u>171</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

16. BORROWINGS (continued)

(b) Hire purchase payables

Hire purchase payables of the Group of RM342,000 (2021: RM96,000) bears interest ranging from 2.49% to 4.50% (2021: 2.62% to 4.50%) per annum and are secured by the Group's plant and machineries and motor vehicles under hire purchase arrangements as disclosed in Note 5(a).

17. DEFERRED TAX LIABILITIES

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Deferred tax liabilities	<u>(7,881)</u>	<u>(7,799)</u>	<u>(7,881)</u>	<u>(7,799)</u>

(a) The movement of deferred tax liabilities are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
At 1 January	7,799	6,753	7,799	6,753
Recognised in profit or loss (Note 24)	<u>82</u>	<u>1,046</u>	<u>82</u>	<u>1,046</u>
At 31 December	<u>7,881</u>	<u>7,799</u>	<u>7,881</u>	<u>7,799</u>

(b) The components of deferred tax liabilities as at the end of the financial year comprise the following:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Deferred tax liabilities				
Property, plant and equipment	765	804	765	804
Biological assets	<u>7,116</u>	<u>6,995</u>	<u>7,116</u>	<u>6,995</u>
	<u>7,881</u>	<u>7,799</u>	<u>7,881</u>	<u>7,799</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

17. DEFERRED TAX LIABILITIES (continued)

- (c) Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group	
	2022	2021
	RM'000	RM'000
Property, plant and equipment	(16,341)	(16,476)
Unused tax losses	20,711	20,711
Unabsorbed capital allowance	412	167
	<u>4,782</u>	<u>4,402</u>

The availability of unused tax losses for offsetting against future taxable profits of the subsidiary is subject to requirements under the Income Tax Act, 1967 and guidelines issued by the tax authority.

The unused tax losses are available for offset against future taxable profits of the Group up to the following financial years:

	Group	
	2022	2021
	RM'000	RM'000
2028	<u>20,711</u>	<u>20,711</u>

18. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
Current:					
Trade					
Trade payables	(a)	748	824	748	824
Non-trade					
Other payables		128	143	115	131
Deposits		72	72	-	-
Accruals		5,572	3,823	5,569	3,823
Amounts owing to subsidiaries	(b)	-	-	40	9,475
		<u>5,772</u>	<u>4,038</u>	<u>5,724</u>	<u>13,429</u>
Total trade and other payables (current)		<u>6,520</u>	<u>4,862</u>	<u>6,472</u>	<u>14,253</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

18. TRADE AND OTHER PAYABLES (continued)

- (a) The normal trade credit terms granted to the Group range from 30 to 60 days (2021: 30 to 60 days).
- (b) Amounts owing to subsidiaries are unsecured, non-interest bearing, repayable upon demand and is expected to be settled in cash.
- (c) For explanations on the Group's and the Company's liquidity risk management processes, refer to Note 27(b)(ii).

19. REVENUE

	Group and Company	
	2022	2021
	RM'000	RM'000
At point in time:		
Sales of goods	26,964	30,901

20. OTHER INCOME

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Fair value gain on biological assets (Note 7)	-	4,016	-	4,016
Fair value gain on other investment	29	9	29	9
Fair value gain on investment properties (Note 6)	7,766	-	-	-
Interest income	94	123	94	123
Realised gain on foreign exchange	164	-	164	-
Rental income	252	180	-	-
Waiver of debt	-	294	-	294
Other income	140	80	97	14
	8,445	4,702	384	4,456

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NOTES TO THE FINANCIAL STATEMENTS (continued)

21. FINANCE COSTS

	Group and Company	
	2022	2021
	RM'000	RM'000
Interest expense on:		
- advances from related parties	-	55
- lease liabilities	9	13
- hire purchase payables	18	10
	<u>27</u>	<u>78</u>

22. PROFIT BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at profit before tax:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Amortisation of intangible assets	112	112	112	112
Auditors' remuneration:				
- statutory audit				
- current year	195	155	182	144
- non statutory audit				
- current year	5	5	5	5
Depreciation of property, plant and equipment (Note 5)	1,074	964	652	543
Employee benefits expenses (Note 23)	2,859	2,882	2,843	2,865
Fair value loss on other receivable measured at amortised cost	100	128	100	128
Fair value loss on biological assets (Note 7)	720	-	720	-
Fair value loss on investment properties (Note 6)	-	270	-	-
Impairment losses on investment in subsidiaries	-	-	-	36
Loss on lease modification	-	7	-	7
Property, plant and equipment written off	-	4	-	4
Realised loss on foreign exchange	-	8	-	8
Reversal of impairment loss on other receivable	(5)	(2)	-	-

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NOTES TO THE FINANCIAL STATEMENTS (continued)

23. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Salaries, bonus and allowances	2,551	2,557	2,536	2,542
Defined contribution plan	219	241	218	239
Other employee benefits	89	84	89	84
	<u>2,859</u>	<u>2,882</u>	<u>2,843</u>	<u>2,865</u>
Included in employee benefits expenses are:				
Directors of the Company				
- Fees	248	248	245	245
- Other emoluments	89	84	89	84
	<u>337</u>	<u>332</u>	<u>334</u>	<u>329</u>
Key management personnel				
- Salaries and other emoluments	1,275	1,224	1,275	1,224
- Defined contribution plan	156	149	156	149
	<u>1,431</u>	<u>1,373</u>	<u>1,431</u>	<u>1,373</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

24. INCOME TAX EXPENSE

The major components of income tax expense for the financial years ended 31 December 2022 and 31 December 2021 are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Statements of comprehensive income				
Current income tax:				
- Current income tax charge	1,011	1,190	1,011	1,190
- Adjustment in respect of prior years	(98)	(12)	(98)	(12)
	913	1,178	913	1,178
Deferred tax (Note 17)				
- (Reversal)/Origination of temporary differences	(8)	987	(8)	987
- Adjustment in respect of prior years	90	59	90	59
	82	1,046	82	1,046
Income tax expense recognised in profit or loss	995	2,224	995	2,224

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2021: 24%) of the estimated assessable profit for the financial year.

TIMBERWELL BERHAD
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NOTES TO THE FINANCIAL STATEMENTS (continued)

24. INCOME TAX EXPENSE (continued)

The reconciliations from the tax amount at the statutory income tax rate to the Group's and the Company's tax expense are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Profit before tax	11,224	8,213	3,721	8,752
Tax at Malaysian statutory income tax rate of 24% (2021: 24%)	2,694	1,971	893	2,100
Adjustments:				
- Income not subject to tax	(1,891)	(97)	(26)	(96)
- Non-deductible expenses	272	366	161	198
- Deferred tax not recognised on tax losses and temporary differences	91	100	-	-
- Crystallisation of deferred tax liabilities	(163)	(163)	(25)	(25)
- Adjustment in respect of prior years:				
- current income tax	(98)	(12)	(98)	(12)
- deferred tax	90	59	90	59
Income tax expense	995	2,224	995	2,224

25. EARNINGS PER SHARE

(a) Basic earnings per ordinary share

Basis earnings per share are based on the profit for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year, calculated as follows:

	Group	
	2022	2021
Profit attributable to owners of the Company (RM'000)	7,159	6,212
Weighted average number of ordinary shares for basic earnings per share (Unit)	89,050,667	89,050,667
Basic earnings per share (Sen)	8.04	6.98

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NOTES TO THE FINANCIAL STATEMENTS (continued)

25. EARNINGS PER SHARE (continued)

(b) Diluted earnings per ordinary share

The Company has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.

26. DIVIDEND

	2022 RM'000
Recognised during the financial year:	
Single tier interim dividend of RM0.02 per ordinary share in respect of the financial year ended 31 December 2022, paid on 11 October 2022	<u>1,781</u>

27. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

- (i) Fair value through profit or loss ("FVPL")
- (ii) Amortised cost

	Carrying amount RM'000	Amortised cost RM'000	FVPL RM'000
2022			
Financial assets			
Group			
Trade and other receivables, net of prepayments	6,490	6,490	-
Cash and short-term deposits	1,698	1,698	-
Other investment	1,541	-	1,541
	<u>9,729</u>	<u>8,188</u>	<u>1,541</u>
Company			
Trade and other receivables, net of prepayments	6,413	6,413	-
Cash and short-term deposits	1,568	1,568	-
Other investment	1,541	-	1,541
	<u>9,522</u>	<u>7,981</u>	<u>1,541</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

27. FINANCIAL INSTRUMENTS (continued)

(a) Categories of financial instruments (continued)

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned: (continued)

	Carrying amount RM'000	Amortised cost RM'000	FVPL RM'000
Financial liabilities			
Group			
Trade and other payables	(6,520)	(6,520)	-
Hire purchase payables	(342)	(342)	-
	<u>(6,862)</u>	<u>(6,862)</u>	<u>-</u>
Company			
Trade and other payables	(6,472)	(6,472)	-
Hire purchase payables	(342)	(342)	-
	<u>(6,814)</u>	<u>(6,814)</u>	<u>-</u>
2021			
Financial assets			
Group			
Trade and other receivables, net of prepayments	2,253	2,253	-
Cash and short-term deposits	3,723	3,723	-
Other investment	2,010	-	2,010
	<u>7,986</u>	<u>5,976</u>	<u>2,010</u>
Company			
Trade and other receivables, net of prepayments	2,245	2,245	-
Cash and short-term deposits	3,401	3,401	-
Other investment	2,010	-	2,010
	<u>7,656</u>	<u>5,646</u>	<u>2,010</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

27. FINANCIAL INSTRUMENTS (continued)

(a) Categories of financial instruments (continued)

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned: (continued)

	Carrying amount RM'000	Amortised cost RM'000	FVPL RM'000
Financial liabilities			
Group			
Trade and other payables	(4,862)	(4,862)	-
Hire purchase payables	(96)	(96)	-
	<u>(4,958)</u>	<u>(4,958)</u>	<u>-</u>
Company			
Trade and other payables	(14,253)	(14,253)	-
Hire purchase payables	(96)	(96)	-
	<u>(14,349)</u>	<u>(14,349)</u>	<u>-</u>

(b) Financial risk management

The Group's and the Company's activities are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Group's and the Company's overall financial risk management objective is to optimise value for their shareholders.

(i) Credit risk

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on their obligations. The Group and the Company are exposed to credit risk from their operating activities (primarily trade receivables).

The management has in place a credit procedure to monitor and minimise the exposure of default. Trade and other receivables are monitored on a regular and an ongoing basis. Credit evaluations are performed on all customers requiring credit over certain amount.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

27. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Trade receivables

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statements of financial position.

The carrying amount of trade receivables is not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group and the Company consider any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group and the Company have adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Credit risk concentration profile

The Group and the Company determine concentrations of credit risk of their trade receivables by monitoring the profile of their trade receivables on an ongoing basis. As at the reporting date, the Group and the Company have a significant concentration of credit risk in the form of outstanding balances arising from the amount due from 1 customer (2021: 1 customer) representing 100% (2021: 100%) of the total trade receivables.

The Group and the Company apply the simplified approach to provide for impairment losses prescribed by MFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables. To measure the impairment losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The impairment losses also incorporate forward looking information.

The information about the credit risk exposure on the Group's and the Company's trade receivables using the provision matrix are as follows:

	Expected credit loss rate %	Gross carrying amount at default RM'000	Impairment losses RM'000
Group and Company			
2022			
Trade receivables			
Neither past due nor impaired	0%	4,451	-

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NOTES TO THE FINANCIAL STATEMENTS (continued)

27. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Trade receivables (continued)

	Expected credit loss rate %	Gross carrying amount at default RM'000	Impairment losses RM'000
Group and Company			
2021			
Trade receivables			
31 to 60 days past due	0%	94	-

Other receivables and other financial assets

For other receivables and other financial assets (including cash and short-term deposits), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- internal credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

Some intercompany loans between entities within the Group are repayable on demand. For loans that are repayable on demand, impairment losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower does not have sufficient highly liquid resources when the loan is demanded, the Group and the Company will consider the expected manner of recovery and recovery period of the intercompany loan.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

27. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management (continued)

(i) Credit risk (continued)

As at the end of the reporting date, the Group and the Company consider the other receivables and other financial assets as low credit risk and any loss allowance would be negligible. Refer to Note 3.12(a) for the Group's and the Company's other accounting policies for impairment of financial assets.

(ii) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities between financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arise principally from trade and other payables and lease liabilities.

The Group and the Company maintain sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements.

Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations are as follows:

	<-----Contractual cash flows----->				Total RM'000
	Carrying amount RM'000	On demand or within 1 year RM'000	Between 1 and 5 years RM'000	More than 5 years RM'000	
Group					
2022					
Financial liabilities:					
Trade and other payables	6,520	6,520	-	-	6,520
Lease liabilities	171	87	92	-	179
Hire purchase payables	342	128	272	-	400
	<u>7,033</u>	<u>6,735</u>	<u>364</u>	<u>-</u>	<u>7,099</u>
2021					
Financial liabilities:					
Trade and other payables	4,862	4,862	-	-	4,862
Lease liabilities	249	87	180	-	267
Hire purchase payables	96	61	40	-	101
	<u>5,207</u>	<u>5,010</u>	<u>220</u>	<u>-</u>	<u>5,230</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

27. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management (continued)

(ii) Liquidity risk (continued)

Maturity analysis (continued)

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations are as follows: (continued)

Company	<-----Contractual cash flows----->				Total
	Carrying amount	On demand or within 1 year	Between 1 and 5 years	More than 5 years	
2022	RM'000	RM'000	RM'000	RM'000	RM'000
Financial liabilities:					
Trade and other payables	6,472	6,472	-	-	6,472
Lease liabilities	171	87	92	-	179
Hire purchase payables	342	128	272	-	400
	6,985	6,687	364	-	7,051
2021					
Financial liabilities:					
Trade and other payables	14,253	14,253	-	-	14,253
Lease liabilities	249	87	180	-	267
Hire purchase payables	96	61	40	-	101
	14,598	14,401	220	-	14,621

(iii) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's and the Company's financial statements as a result of changes in market interest rates. The Group's and the Company's primary interest rate risk relate to deposits placed with licensed bank and lease liabilities. Deposits placed with licensed bank are exposed to a risk of change in fair value due to changes in interest rates.

The interest rate relating to deposits placed with licensed bank and lease liabilities are disclosed Notes 13(a) and 16(a) to the financial statements respectively.

The Group and the Company do not have any floating rate borrowings. Accordingly, the effect of changes in interest rate will not significantly affect the cash flows.

TIMBERWELL BERHAD
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NOTES TO THE FINANCIAL STATEMENTS (continued)

27. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management (continued)

(iv) Foreign currency risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. The Group and the Company have transactional currency exposures arising from sales that are denominated in United States Dollar.

Any reasonably possible change in the foreign currency exchange rates at the end of the reporting period against the functional currencies of the Group and the Company does not have material impact on the profit/loss after taxation and other comprehensive income of the Group and of the Company and hence, no sensitivity analysis is presented.

(c) Fair value measurement

The carrying amounts of cash and short-term deposits, short-term receivables and payables and short-term borrowings reasonably approximate to their fair values due to the relatively short-term nature of these financial instruments.

The fair value of other investment is determined by reference to the redemption price at the end of the reporting period.

There have been no transfers between Level 1 and Level 2 during the financial year (2021: no transfer in either directions).

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NOTES TO THE FINANCIAL STATEMENTS (continued)

27. FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurement (continued)

The following table provides the fair value measurement hierarchy of the Group's and the Company's financial instruments:

	Carrying amount Total RM'000	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value			
		<-----Fair value----->				<-----Fair value----->			
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group and Company									
2022									
Financial assets									
Other investment									
- Short-term fund	1,541	1,541	-	-	1,541	-	-	-	-
Financial liabilities									
Hire purchase payables	(342)	-	-	-	-	-	-	(342)	(342)
2021									
Financial assets									
Other investment									
- Short-term fund	2,010	2,010	-	-	2,010	-	-	-	-
Financial liabilities									
Hire purchase payables	(96)	-	-	-	-	-	-	(96)	(96)

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NOTES TO THE FINANCIAL STATEMENTS (continued)

28. RELATED PARTIES

(a) Identity of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:

- (i) Subsidiaries as disclosed in Note 8;
- (ii) Entities in which the directors have substantial financial interests; and
- (iii) Key management personnel of the Group and of the Company, comprises persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

(b) Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Group and Company	
	2022	2021
	RM'000	RM'000
Interest paid/payable to related parties	-	55
Waiver of debt	-	(294)
	<u> </u>	<u> </u>

Significant outstanding balances with related parties at the end of the reporting period are as disclosed in Notes 10 and 18.

(c) Compensation of key management personnel

The compensation of key management personnel of the Group and the Company is disclosed in Note 23.

29. SEGMENT INFORMATION

Segment information is not presented as the Group operates substantially within a single business segment and this is consistent with the current practice of internal reporting. The Group operates primarily in Malaysia.

TIMBERWELL BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

30. COMMITMENTS

(a) Commitments

The Group and the Company have made commitments for the following capital expenditures:

	Group and Company	
	2022	2021
	RM'000	RM'000
Approved but not contracted for:		
- Industrial tree-planting project	1,100	1,100

(b) Operating lease commitments - as lessor

The Group leases its investment properties and certain plant and machineries which have remaining lease term between three to five years. Rental charges are revised every three years to reflect current market conditions.

The maturity analysis of the Group's lease payments, showing the undiscounted lease payments to be received after the reporting date are as follows:

	Group	
	2022	2021
	RM'000	RM'000
- Not later than one year	316	229
- One to two years	169	184
- Two to three years	120	46
- Three to four years	120	-
- Four to five years	50	-
	<u>775</u>	<u>459</u>

31. CONTINGENT LIABILITIES

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Bank guarantee granted to secure a performance bond made in favour of the Forestry Department	5,000	5,000	5,000	5,000
Bank guarantee facility in favour of third party	29	29	-	-
	<u>5,029</u>	<u>5,029</u>	<u>5,000</u>	<u>5,000</u>

TIMBERWELL BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

32. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that they maintain a strong capital base and safeguard the Group's and the Company's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group and the Company manage its capital structure by monitoring the capital and net debt on an ongoing basis. To maintain the capital structure, the Group and the Company may adjust the dividend payment to shareholders.

There were no changes in the Group's and the Company's approach to capital management during the financial year.

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Total borrowings	513	345	513	345
Trade and other payables	6,520	4,862	6,472	14,253
Less: Cash and short-term deposits	(1,698)	(3,723)	(1,568)	(3,401)
Net debts	5,335	1,484	5,417	11,197
Total equity	66,246	57,798	51,050	50,105
Capital and net debts	71,581	59,282	56,467	61,302
Gearing ratio	7%	3%	10%	18%

TIMBERWELL BERHAD

(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

(Pursuant to Section 251(2) of the Companies Act 2016)

We, **DATUK YAP PAK LEONG** and **AGNES SOEI-TIN LAMEY**, being two of the directors of Timberwell Berhad, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 71 to 140 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors.



DATUK YAP PAK LEONG
Director



AGNES SOEI-TIN LAMEY
Director

Kota Kinabalu

Date: 28 March 2023

TIMBERWELL BERHAD
(Incorporated in Malaysia)

STATUTORY DECLARATION
(Pursuant to Section 251(1) of the Companies Act 2016)

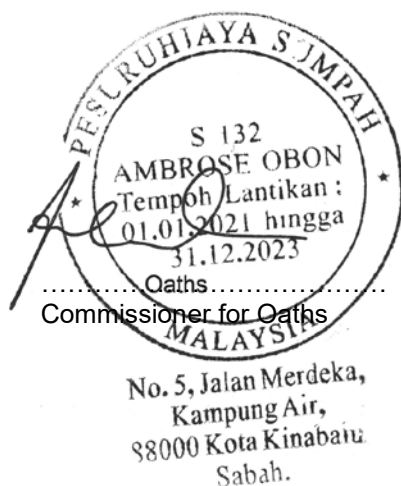
I, **LEE YOKE WAH**, being the officer primarily responsible for the financial management of Timberwell Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 71 to 140 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.



.....
LEE YOKE WAH

Subscribed and solemnly declared by the abovenamed at Kota Kinabalu in the State of Sabah on 28 March 2023.

Before me,



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
TIMBERWELL BERHAD**
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Timberwell Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 71 to 140.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
TIMBERWELL BERHAD** (continued)
(Incorporated in Malaysia)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Group and Company

Biological assets (Notes 4(a) and 7 to the financial statements)

Biological assets of the Group and of the Company are reported at fair value, with changes in fair values being recognised in profit or loss. The Group and the Company estimated the fair value of the biological assets based on information provided and the market valuation performed by an external independent valuer. Judgement is exercised by the directors in determining the appropriate valuation methods and the key assumptions used in the valuation. The carrying amount of biological assets as at the reporting date is disclosed in Note 7 to the financial statements.

Our audit response:

Our audit procedures included, among others:

- considering the competence, capabilities and objectivity of the independent professional valuer, including consideration of their qualifications and experience;
- discussing the discounted cash flow calculations and the underlying valuation model as well as comparing to available market data;
- corroborating the key inputs to the model, including commodity prices, yield and the area of land under cultivation to market data;
- discussing with management the sensitivity analysis around the key inputs that are expected to be most sensitive to the recoverable amount of the biological assets; and
- checking the mathematical computation of the discounted cash flow calculations.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
TIMBERWELL BERHAD (continued)**
(Incorporated in Malaysia)

Key Audit Matters (continued)

Group

Investment properties (Notes 4(b) and 6 to the financial statements)

The Group's accounting policy is to carry its investment properties at fair value, with changes in fair values being recognised in profit or loss. The Group is to estimate the fair value of the investment properties based on information provided and the market valuation performed by an external independent valuer. Significant judgement is required to be exercised by the directors in determining the appropriate valuation methods and the key assumptions used in the valuation.

Our audit response:

Our audit procedures included, among others:

- considering the competence, capabilities and objectivity of the external valuer which includes consideration of their qualification and experience;
- understanding the scope and objective of the valuation by reading the terms of engagement;
- reading the valuation reports and discussing with external valuer on their valuation approach and the significant judgements they made; and
- understanding the relevance of the key input data used by the external valuer.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
TIMBERWELL BERHAD** (continued)
(Incorporated in Malaysia)

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

The directors of the Company are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
TIMBERWELL BERHAD** (continued)
(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (continued)

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
TIMBERWELL BERHAD** (continued)
(Incorporated in Malaysia)

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.



Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants



Kenny Yeoh Khi Khen
No. 03229/09/2024 J
Chartered Accountant

Kuala Lumpur

Date: 28 March 2023

List of Properties

TIMBERWELL PLYWOOD SDN.BHD.

2 parcels of industrial land situated in the District of Sandakan, Sabah

Location	Land Area	Tenure	Approximate Age (year) of Building	Description	Net Book Value as at 31.12.2022 (RM'000)
CL075385670 CL075385689	29.19 acres	99 years (1.1.1980 to 31.12.2078)	20	Industrial land with storage sheds, integrated processing plant cum office	18,402 (After revaluation)

Analysis of Shareholdings

As at 31 March 2023

Issued share capital : 89,050,677 Ordinary Shares
 Class of shares : 1,372 Ordinary Shares
 Voting rights : One (1) vote per one ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued and Paid-Up Capital
1 – 99	26	1.90	899	0.00
100 – 1,000	468	34.11	421,386	0.47
1,001 – 10,000	679	49.49	2,611,445	2.93
10,001 – 100,000	151	11.01	4,132,170	4.64
100,001 – 4,452,532*	43	3.13	37,606,816	42.23
4,452,533 and above**	5	0.36	44,277,961	49.72
Total	1,372	100.00	89,050,677	100.00

Notes:

* Less than 5% of issued shares capital

** 5% and above of issued shares capital

LIST OF SUBSTANTIAL SHAREHOLDERS (AS AT 31 MARCH 2023)

Name of Substantial Shareholders	Direct Interest	%	Indirect Interest	%
Dato Sri Tiong King Sing	21,210,322	23.82	-	-
Tan Toeng Swie @ Lam Toeng Sui	12,135,479	13.63	3,000 ¹	0.003
Agnes Soei-Tin Lamey	6,037,740 ⁴	6.78	-	-
Lam Soei Lim	5,904,540	6.63	75,000 ¹	0.08
Datuk Yap Pak Leong	4,986,300	5.60	1,372,000 ¹	1.54
Lee Ngee Moi	2,674,899	3.00	2,367,533 ²	2.66
Wong Chong Kim	-	-	5,042,432 ³	5.66

Notes:

- Deemed interested by virtue of shareholdings held by persons connected pursuant to Section 8 of the Companies Act 2016 ("the Act").
- Deemed interested by virtue of shareholdings held of her shareholdings in Harmony Chime Sdn. Bhd. pursuant to Section 8 of the Act.
- Deemed interested by virtue of shareholdings held by persons connected and of his shareholdings in Harmony Chime Sdn. Bhd. pursuant to Section 8 of the Act.
- Held through Citigroup Nominees (Asing) Sdn. Bhd. exempt an for Bank of Singapore Limited.

Analysis of Shareholdings

(continued)

DIRECTORS' INTEREST IN SHARES IN THE COMPANY

Name of Directors	Direct Interest	%	Indirect Interest	%
Datuk Yap Pak Leong	4,986,300	5.60	1,372,000 ¹	1.54
Wong Chong Kim	-	-	5,042,432 ²	5.66
Loo Choo Hong	-	-	-	-
Agnes Soei-Tin Lamey	6,037,740 ³	6.78	-	-
Michael @ Radio bin Luban	-	-	-	-
Yap Fook Fung (Alternate Director to Datuk Yap Pak Leong)	1,240,000	1.39	9,000 ¹	0.01

Notes:

- Deemed interested by virtue of shareholdings held by persons connected pursuant to Section 8 of the Companies Act 2016 ("the Act").
- Deemed interested by virtue of shareholdings held by persons connected and of his shareholdings in Harmony Chime Sdn. Bhd. pursuant to Section 8 of the Act.
- Held through Citigroup Nominees (Asing) Sdn. Bhd. exempt an for Bank of Singapore Limited.

LIST OF THIRTY LARGEST SHAREHOLDERS

(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME REGISTERED HOLDER)

No.	Name	No. of Shares Held	%
1.	RHB Nominees (Tempatan) Sdn. Bhd. [OSK Capital Sdn. Bhd. for Tiong King Sing]	21,210,322	23.82
2.	Tan Toeng Swie	6,380,206	7.16
3.	Citigroup Nominees (Asing) Sdn. Bhd. [Exempt An for Bank of Singapore Limited (Foreign)]	6,007,740	6.75
4.	Lam Toeng Sui	5,755,273	6.46
5.	Lam Soei Lim	4,924,420	5.53
6.	CIMSEC Nominees (Tempatan) Sdn. Bhd. [CIMB for Yap Pak Leong (PB)]	3,912,600	4.39
7.	RHB Nominees (Tempatan) Sdn. Bhd. [Pledged Securities Account for Hew Mui Lan]	3,458,700	3.88
8.	Cartaban Nominees (Asing) Sdn. Bhd. [Exempt an for LGT Bank AG (Foreign)]	2,889,200	3.24
9.	Lee Ngee Moi	2,674,899	3.00
10.	Harmony Chime Sdn. Bhd.	2,367,533	2.66
11.	Ting Sing Hong	2,255,700	2.53
12.	Patrick Chiong Sui Chai	1,881,000	2.11
13.	Kenanga Nominees (Tempatan) Sdn. Bhd. [Pledged Securities Account for Chiong Sui Chai & Sons Sdn. Bhd.]	1,638,100	1.84
14.	Bonus River Sdn. Bhd.	1,459,000	1.64
15.	RHB Nominees (Tempatan) Sdn. Bhd. [Pledged Securities Account for Bounty Leisure Sdn. Bhd.]	1,288,000	1.45

Analysis of Shareholdings

(continued)

LIST OF THIRTY LARGEST SHAREHOLDERS (CONT'D)

(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME REGISTERED HOLDER)

No.	Name	No. of Shares Held	%
16.	Bounty Leisure Sdn. Bhd.	1,250,000	1.40
17.	Yap Fook Fung	1,240,000	1.39
18.	Lu Yieng Kee	1,055,500	1.19
19.	Hew Tien Shoong	1,000,000	1.12
20.	Lam Soei Lim	980,120	1.10
21.	Kenanga Nominees (Tempatan) Sdn. Bhd. [Pledged Securities Account for Yap Pak Leong]	933,700	1.05
22.	RHB Nominees (Tempatan) Sdn. Bhd. [Pledged Securities Account for Pau Chiong Ung]	800,000	0.90
23.	HSBC Nominees (Asing) Sdn. Bhd. [Exempt An for CACEIS Bank (SW-CSG-FGN)]	695,600	0.78
24.	Robert Tan	650,000	0.73
25.	Chen Chee Min	570,666	0.64
26.	Anders Moller	480,000	0.54
27.	Lim Lee Li	394,000	0.44
28.	Wong Lien Tung	371,233	0.42
29.	Ting Sing Hong	368,000	0.41
30.	Wong Kam Seng	335,500	0.38

I/We, _____ NRIC No./Passport No./Company No. _____

of _____

being a member/members of **Timberwell Berhad** hereby appoint _____

NRIC No./Passport No. _____ of _____

_____ *and/or failing him/her _____

NRIC No./Passport No. _____ of _____

or failing him/her, ***the Chairman of Meeting** as *my/our proxy to vote for *me/us on my/our behalf at the 27th Annual General Meeting of the Company will be held at Crown 2, Level 2, Sabah Oriental Hotel, Jalan Kemajuan, Karamunsing, 88000 Kota Kinabalu, Sabah on Wednesday, 24 May 2023 at 3:00 p.m. and at any adjournment thereof.

Please indicate with an (X) in the appropriate space how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he/she thinks fit, or at his/her discretion, abstain from voting.

No.	Ordinary Resolutions	For	Against
1.	To approve the Directors' fees in respect of the financial year ended 31 December 2022.		
2.	To approve the Directors' benefit payable to the Board of the Company and its subsidiaries.		
3.	To re-elect Datuk Yap Pak Leong as a Director.		
4.	To re-elect Madam Agnes Soei-Tin Lamey as a Director.		
5.	To re-appoint Messrs. Baker Tilly Monteiro Heng PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.		
6.	To approve the Authority to Issue and Allot Shares.		

Dated this _____ day of _____ 2023

No. of shares held

CDS Account No.

Contact No.

.....
Signature(s)/Common Seal of Shareholder(s)

The proportion of my/our shareholding to be represented by my/our proxy/proxies is as follows:

First named proxy _____ %

Second named proxy _____ %

_____ 100 %

*Strike out whichever is not applicable.

NOTES:

- Every member entitled to attend and vote at the meeting is entitled to appoint a proxy/proxies to attend participate, speak and vote for him/her but his attendance shall automatically revoke the proxy's authority. A proxy may but need not be a member of the Company.
- A member shall be entitled to appoint not more than two (2) proxies to attend, vote and speak at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
- Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, he may appoint not more than two (2) proxies in respect of each Securities Account he holds in ordinary shares of the Company standing to the credit of the said Securities Account.

Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

Where an authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
- The instrument appointing a proxy must be deposited at the registered office of the Company at 2nd Floor, Wisma BSN Sabah, Jalan Kemajuan, Karamunsing, 88000 Kota Kinabalu, Sabah not less than forty-eight (48) hours before the time appointed for holding the meeting or adjournment thereof.
- Date of Record of Depositors for the purpose of determining Members' entitlement to attend, participate, speak and vote at the Annual General Meeting is 12 May 2023.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Company Secretary

TIMBERWELL BERHAD
[Registration No. 199601014835 (387185-W)]

2nd Floor, Wisma BSN Sabah
Jalan Kemajuan, Karamunsing
88000 Kota Kinabalu, Sabah.

1st fold here

If undelivered, please return to:

Securities Services (Holdings) Sdn Bhd [Registration No. 197701005827 (36869-T)]
Level 7 Menara Milenium, Jalan Damanlela
Pusat Bandar Damansara, Damansara Heights
50490 Kuala Lumpur

TIMBERWELL BERHAD

Registration No. 199601014835 (387185-W)

2nd Floor, Wisma BSN Sabah, Jalan Kemajuan, Karamunsing,
88000 Kota Kinabalu, Sabah.

Tel: 088-214 222 | Fax: 088-235 907

Email: enquiry@timwell.com.my | Website: <http://timwell.com.my>